



Thomas A. Schweich

Missouri State Auditor

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Fiscal Notes Prepared by the Missouri State Auditor's Office in 2011

Fiscal Note Number	Date Received	Fiscal Note Description	Date Submitted to Secretary of State
11-01	01/06/11	Proposed Constitutional Amendment - Article III, version 1, (Purvis) - Reduction in the number of House of Representative members	02/07/11
11-02	01/06/11	Proposed Constitutional Amendment - Article III, version 2, (Purvis) - Reduction in the number of House of Representative members	02/07/11
11-03	01/06/11	Proposed Constitutional Amendment - Article VIII, version 3, (Cologna) - Early voting	02/07/11
11-04	01/06/11	Proposed Constitutional Amendment - Article VIII, version 4, (Cologna) - Early voting	02/07/11
11-05	01/06/11	Proposal Related to Chapter 115, RSMo, version 2, (Cologna) - Early voting	02/07/11
11-06	01/07/11	Proposed Constitutional Amendment - Article X, version 1 (Ellinger) - Taxation	Withdrawn by Petitioner
11-07	01/07/11	Proposed Constitutional Amendment - Article X, version 2 (Ellinger) - Taxation	Withdrawn by Petitioner
11-08	01/07/11	Proposed Constitutional Amendment - Article X, version 3 (Ellinger) - Taxation	Withdrawn by Petitioner
11-09	01/07/11	Proposed Constitutional Amendment - Article X, version 4 (Ellinger) - Taxation	Withdrawn by Petitioner
11-10	01/07/11	Proposed Constitutional Amendment - Article X, version 5 (Ellinger) - Taxation	Withdrawn by Petitioner
11-11	01/07/11	Proposed Constitutional Amendment - Article X, version 6 (Ellinger) - Taxation	Withdrawn by Petitioner
11-12	01/07/11	Proposed Constitutional Amendment - Article X, version 7 (Ellinger) - Taxation	Withdrawn by Petitioner
11-13	01/07/11	Proposed Constitutional Amendment - Article X, version 8 (Ellinger) - Taxation	Withdrawn by Petitioner
11-14	01/07/11	Proposed Constitutional Amendment - Article X, version 9 (Ellinger) - Taxation	Withdrawn by Petitioner
11-15	01/18/11	Proposed Constitutional Amendment - Article X, version 1a (Ellinger) - Taxation	02/16/11 Withdrawn by Petitioner 09/08/11
11-16	01/18/11	Proposed Constitutional Amendment - Article X, version 2a (Ellinger) - Taxation	02/16/11 Withdrawn by Petitioner 09/08/11
11-17	01/18/11	Proposed Constitutional Amendment - Article X, version 3a (Ellinger) - Taxation	02/16/11 Withdrawn by Petitioner 09/08/11
11-18	01/18/11	Proposed Constitutional Amendment - Article X, version 4a (Ellinger) - Taxation	02/16/11 Withdrawn by Petitioner 09/08/11
11-19	01/18/11	Proposed Constitutional Amendment - Article X, version 5a (Ellinger) - Taxation	02/16/11 Withdrawn by Petitioner 09/08/11
11-20	01/18/11	Proposed Constitutional Amendment - Article X, version 6a (Ellinger) - Taxation	02/16/11 Withdrawn by Petitioner 09/08/11
11-21	01/18/11	Proposed Constitutional Amendment - Article X, version 7a (Ellinger) - Taxation	02/16/11 Withdrawn by Petitioner 09/08/11
			02/16/11

11-22	01/18/11	Proposed Constitutional Amendment - Article X, version 8a (Ellinger) - Taxation	Withdrawn by Petitioner 09/08/11
11-23	01/18/11	Proposed Constitutional Amendment - Article X, version 9a (Ellinger) - Taxation	02/16/11 Withdrawn by Petitioner 09/08/11
11-24	01/24/11	Proposal Related to Chapter 115, RSMo, version 3, (Cologna) - Early voting	02/17/11
11-25	01/24/11	Proposed Constitutional Amendment - Article III, version 3, (Purvis) - Reduction in the number of House of Representative members	02/17/11
11-26	01/24/11	Proposed Constitutional Amendment - Article III, version 4, (Purvis) - Reduction in the number of House of Representative members	Withdrawn by Petitioner
11-27	01/24/11	Proposed Constitutional Amendment - Article VI, (Deutsch) - Local control of police departments	Withdrawn by Petitioner
11-28	02/07/11	Proposed Constitutional Amendment - Article VI, version 2, (Deutsch) - Local control of police departments	03/04/11
11-29	02/07/11	Proposed Constitutional Amendment - Article VI, version 3, (Deutsch) - Local control of police departments	03/04/11
11-30	02/07/11	Proposed Constitutional Amendment - Article VI, version 4, (Deutsch) - Local control of police departments	03/04/11
11-31	02/07/11	Proposed Constitutional Amendment - Article VI, version 5, (Deutsch) - Local control of police departments	03/04/11
11-32	02/07/11	Proposed Constitutional Amendment - Article VI, version 6, (Deutsch) - Local control of police departments	03/04/11
11-33	02/10/11	Proposed Constitutional Amendment - Article III, version 5, (Purvis) - Reduction in the number of House of Representative members	03/10/11
11-34	02/23/11	Proposal Related to Chapter 72.170, RSMo (Brown) - Consolidation of political subdivisions	Rejected by Sec of State
11-35	03/03/11	Proposal Related to Chapter 130, RSMo, version 1, (Purvis) - Campaign finance disclosure	03/31/11
11-36	04/12/11	Proposal Related to Chapter 590, RSMo, (Moore) - Racial Profiling Prevention Act	05/11/11
11-37	04/12/11	Proposed Constitutional Amendment - Article III, version 1, (Adams) - Voter Protection Act	05/11/11
11-38	04/12/11	Proposed Constitutional Amendment - Article III, version 2, (Adams) - Voter Protection Act	05/11/11
11-39	05/13/11	Proposal Related to Chapter 149, RSMo, (Ellinger) - Tobacco Tax	06/10/11
11-40	05/20/11	Proposed Constitutional Amendment - Article III, version 3, (Adams) - Your Vote Counts Act	06/17/11
11-41	05/20/11	Proposed Constitutional Amendment - Article III, version 4, (Adams) - Your Vote Counts Act	06/17/11
11-42	05/20/11	Proposed Constitutional Amendment - Article III, version 5, (Adams) - Will of the People Act	06/17/11
11-43	05/20/11	Proposed Constitutional Amendment - Article III, version 6, (Adams) - Will of the People Act	06/17/11
11-44	05/26/11	Senate Joint Resolution No. 2 - Advance Voting and Voter Identification	06/23/11
11-45	05/26/11	House Joint Resolution No. 2 - Right to Prayer	06/23/11
11-46	05/27/11	Proposed Constitutional Amendment - Article III, version 7, (Adams) - Your Vote Counts Amendment	06/24/11
11-47	05/27/11	Proposed Constitutional Amendment - Article III, version 8, (Adams) - Your Vote Counts Amendment	06/24/11
11-48	06/08/11	Proposal Related to Castlepoint Fire Protection District (Brown) - Shall Castlepoint Fire Protection District of Missouri be Incorporated?	Rejected by Sec of State
11-49	06/08/11	Proposal Related to Chapter 321, RSMo, Section 321.506 (Brown) - Contracting Fire Service to a Private Company	Rejected by Sec of State
11-50	06/24/11	Proposal Related to Chapters 408 and 367, RSMo, (Bryan) - Consumer Credit and Small Loan Interest Rates	Withdrawn by Petitioner
11-51	06/29/11	Proposal Related to Chapters 408 and 367, RSMo, version 2 (Bryan) - Consumer Credit and Small Loan Interest Rates	Withdrawn by Petitioner
11-52	07/07/11	Proposed Constitutional Amendment - Article XIV and Proposal Related to Chapters 192 and 195, RSMo (Viets) - Cannabis Legalization	Withdrawn by Petitioner
11-53	07/07/11	Proposal Related to Chapters 192, 195, and 196, RSMo (Viets) - Cannabis Legalization	Withdrawn by Petitioner
		Proposal Related to Chapters 367 and 408, RSMo, version 3 (Bryan) - Consumer	

11-54	07/08/11	Credit and Small Loan Interest Rates	08/05/11
11-55	07/13/11	Proposal Related to Chapters 367 and 408, RSMo (Neale) - Eliminating Taxes and Fees for Certain Consumer Credit Lenders	Withdrawn by Petitioner
11-56	07/14/11	Proposal Related to Chapters 367 and 408, RSMo, version 2 (Neale) - Eliminating Taxes and Fees for Certain Consumer Credit Lenders	Withdrawn by Petitioner
11-57	08/01/11	Proposal to Dissolve the Board of Private Investigations Examiners (Brown)	Rejected by Sec of State
11-58	08/15/11	Proposed Constitutional Amendment - Article X, version 10 (Ellinger) - Taxation	09/12/11
11-59	08/15/11	Proposed Constitutional Amendment - Article X, version 11 (Ellinger) - Taxation	09/12/11
11-60	09/02/11	Proposed Constitutional Amendment - Article IV & Proposal Related to Chapters 105 and 195, RSMo (Viets) - Cannabis Legalization	Rejected by Sec of State
11-61	09/02/11	Proposal Related to Chapters 105 and 195, RSMo (Viets) - Cannabis Legalization	Rejected by Sec of State
11-62	09/02/11	Proposal to Dissolve the Metropolitan Sewer District in St. Louis (Brown)	Rejected by Sec of State
11-63	09/06/11	Proposed Constitutional Amendment - Article X, version 12 (Ellinger) - Taxation	10/05/11
11-64	09/06/11	Proposed Constitutional Amendment - Article X, version 13 (Ellinger) - Taxation	10/05/11
11-65	09/15/11	Proposed Constitutional Amendment - Article X, (Kriegshauser) - Taxation	10/14/11
11-66	09/20/11	Proposal Related to Chapter 149, RSMo (Hess) - Tobacco Tax	10/14/11
11-67	09/21/11	Proposal Related to Chapter 290, RSMo, version 1 (Grant) - Minimum Wage	Withdrawn by Petitioner
11-68	09/21/11	Proposal Related to Chapter 290, RSMo, version 2 (Grant) - Minimum Wage	Withdrawn by Petitioner
11-69	09/27/11	Proposal regarding Castlepoint Fire Protection Association Fund for the Purpose of Providing Voters Donation of County Funding's to Build a New Castlepoint Firehouse (Brown)	Rejected by Sec of State
11-70	10/03/11	Proposed Constitutional Amendment - Article IV & Proposal Related to Chapters 105, 195, and 263, RSMo, version 3, (Viets) - Cannabis Legalization	10/28/11
11-71	10/03/11	Proposal Related to Chapters 105, 195, and 263, RSMo, version 3, (Viets) - Cannabis Legalization	10/28/11
11-72	10/05/11	Proposal Related to Chapter 290, RSMo, version 1, (Grant) - Minimum Wage	11/04/11
11-73	10/05/11	Proposal Related to Chapter 290, RSMo, version 2, (Grant) - Minimum Wage	11/04/11
11-74	10/11/11	Proposal Related to Chapter 393, RSMo, (Wilson) - Renewable Energy Standard Act	Withdrawn by Petitioner
11-75	11/15/11	Proposal Related to Chapters 84, 86, and 105, RSMo, version 7, (Ellinger) - Police Departments in St. Louis and Kansas, Police Relief and Pension Systems, and Public Officers and Employees - Miscellaneous Provisions	12/12/11
11-76	11/15/11	Missourians Against the Protests and Pickets of Funerals, (Newhouse)	Rejected by Sec of State
11-77	11/18/11	Proposal Related to Chapters 149 and 196, RSMo, (Hess) - Tobacco Tax	12/19/11
11-78	11/22/11	Proposed Constitutional Amendment - Article X, version 1, (Reading) - Taxation	12/19/11
11-79	11/22/11	Proposed Constitutional Amendment - Article X, version 2, (Reading) - Taxation	12/19/11
11-80	11/22/11	Proposed Constitutional Amendment - Article X, version 3, (Reading) - Taxation	12/19/11
11-81	11/22/11	Proposed Constitutional Amendment - Article X, version 4, (Reading) - Taxation	12/19/11, Withdrawn by Petitioner, 12/21/11
11-82	11/22/11	Proposed Constitutional Amendment - Article X, version 5, (Reading) - Taxation	12/19/11
11-83	11/22/11	Proposed Constitutional Amendment - Article X, version 6, (Reading) - Taxation	12/19/11
11-84	11/22/11	Proposed Constitutional Amendment - Article X, version 7, (Reading) - Taxation	12/19/11
11-85	11/22/11	Proposed Constitutional Amendment - Article X, version 8, (Reading) - Taxation	12/19/11
11-86	11/30/11	Proposal for Access to Department of Revenue Information, (Brown)	Rejected by Sec of State
11-87	12/01/11	Proposed Constitutional Amendment - Article X, version 9, (Reading) - Taxation	01/03/12
11-88	12/07/11	Proposal Related to Chapters 149 and 196, RSMo, version 2 (Hess) - Tobacco Tax	01/03/12
11-89	12/09/11	Proposal Related to Chapter 149, RSMo, version 1 (Reading) - Tobacco Taxes	01/03/12
		Proposal Related to Chapters 149 and 196, RSMo, version 2 (Reading) - Tobacco	

11-90	12/09/11	Taxes	01/09/12
11-91	12/09/11	Proposal Related to Chapter 149, RSMo, version 3 (Reading) - Tobacco Taxes	01/03/12
11-92	12/09/11	Proposal Related to Chapters 149 and 196, RSMo, version 4 (Reading) - Tobacco Taxes	01/09/12
11-93	12/16/11	Proposal Related to Chapter 393, RSMo, (Wilson) - Renewable Energy Standard	01/17/12
11-94	12/22/11	Proposed Constitutional Amendment - Article X, version 10, (Reading) - Taxation	01/20/12
11-95	12/22/11	Proposed Constitutional Amendment - Article X, version 11, (Reading) - Taxation	01/20/12
11-96	12/22/11	Proposed Constitutional Amendment - Article X, version 12, (Reading) - Taxation	01/20/12
11-97	12/22/11	Proposed Constitutional Amendment - Article X, version 13, (Reading) - Taxation	01/20/12
11-98	12/22/11	Proposed Constitutional Amendment - Article X, version 14, (Reading) - Taxation	01/20/12
11-99	12/22/11	Proposed Constitutional Amendment - Article X, version 15, (Reading) - Taxation	01/20/12
11-100	12/22/11	Proposed Constitutional Amendment - Article X, version 16, (Reading) - Taxation	01/20/12
11-101	12/22/11	Proposed Constitutional Amendment - Article X, version 17, (Reading) - Taxation	01/20/12
11-102	12/22/11	Proposed Constitutional Amendment - Article X, version 18, (Reading) - Taxation	01/20/12
11-103	12/22/11	Proposed Constitutional Amendment - Article X, version 19, (Reading) - Taxation	01/20/12
11-104	12/22/11	Proposed Constitutional Amendment - Article III (Jones) - Missouri Stem Cell Research and Cures,	Rejected by Sec of State
11-105	12/22/11	Proposal Related to Chapters 149 and 196, RSMo, version A (Hess) - Tobacco Tax	01/20/12
11-106	12/22/11	Proposal Related to Chapters 149 and 196, RSMo, version B (Hess) - Tobacco Tax	Rejected by Sec of State
11-107	12/22/11	Proposal Related to Chapters 149 and 196, RSMo, version C (Hess) - Tobacco Tax	Rejected by Sec of State

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**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-01)**

Subject

Initiative petition from Russell Purvis regarding a proposed constitutional amendment to Article III. (Received January 6, 2011)

Date

January 26, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Callaway County**, **Cole County**, **Greene County**, **St. Louis County**, the **City of Columbia**, the **City of Kansas City**, the **City of St. Louis**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **State Tax Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact as a result of the proposed changes.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any fiscal impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added cost to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this proposed initiative petition affects the 102nd General Assembly - year 2023 - 163 members to 103 members would save in today's dollars the following:

Member Salaries = $60 \times \$35,915 = \$2,154,900$

Member Session per diem = $70 \text{ session days} \times \$98.40 \times 60 = \$413,280$

Member Session Mileage = $19 \text{ session weeks} \times \text{average mileage of } 277 \times .37 \text{ per mile} \times 60 = \$116,840$

Member Expense Accounts = $60 \times \$8,400 = \$504,000$

Legislative Assistant Salaries = $\text{Average Legislative Assistant Salary } \$25,000 \times 60 = \$1,500,000$

Savings in today's dollars = $\$4,689,020$

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration (OA)** indicated this proposal will have no fiscal impact on their office. Budget and Planning assumes there would be savings of salaries, fringes, per diem and other expenses. We defer to the House of Representatives for savings estimates.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have no known measurable fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, **Callaway County**, **Cole County**, **Greene County**, **St. Louis County**, the **City of Columbia**, the **City of Kansas City**, the **City of St. Louis**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, **St. Louis Community College**.

Fiscal Note Summary

Annual estimated savings to state government would be at least \$4.7 million. No fiscal impact is expected for local governments.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-02)**

Subject

Initiative petition from Russell Purvis regarding a proposed constitutional amendment to Article III. (Received January 6, 2011)

Date

January 26, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Callaway County**, **Cole County**, **Greene County**, **St. Louis County**, the **City of Columbia**, the **City of Kansas City**, the **City of St. Louis**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **State Tax Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact as a result of the proposed changes.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

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Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this proposed initiative petition affects the 102nd General Assembly - year 2023 - 163 members to 103 members would save in today's dollars the following:

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Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, **Callaway County**, **Cole County**, **Greene County**, **St. Louis County**, the **City of Columbia**, the **City of Kansas City**, the **City of St. Louis**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, **St. Louis Community College**.

Fiscal Note Summary

Annual estimated savings to state government would be at least \$4.7 million. No fiscal impact is expected for local governments.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-03)

Subject

Initiative petition from Matt Cologna regarding a proposed constitutional amendment to Article VIII. (Received January 6, 2011)

Date

January 26, 2011

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **St. Louis County Election Board**, **St. Louis City Election Board**, **Kansas City Election Board**, **Platte County Board of Elections**, **Jackson County Election Board**, and **Clay County Election Board**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that

because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact on their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

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Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration (OA)** indicated this proposal will have no fiscal impact on their office. Budget and Planning defers to the Secretary of State for any statewide costs.

They provided the following Technical Notes:

1. There are numerous sections in the Missouri Constitution that relate to voting which the amendment does not change. It is unclear the effects the petition may have on those sections.
2. Section 115.639.1 RSMo, requires employers to provide employees three hours away from their employment between the opening and closing of polls for the purpose of voting. However, if this section were repealed or is deemed unnecessary, there would be an estimated statewide savings of \$26,481 to \$54,106 per election.

$$\$32,592/2,080 = \$17.28 \times 1,690 = \$26,481$$

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\$32,592 average state employee salary (uniform classification and pay positions)
2,080 annual hours (to convert to hourly wage rate)
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The officials said passage of this petition will not only increase costs, but add to the work load of the election authority of their county.

Officials from **Callaway County** indicated:

Revenues:

None

Savings:

None

Costs:

County officials used 2008 as a typical example of what costs will be incurred should this "Early Voting" initiative petition be voted into law.

They assumed one third of the voters would have used the "Early Voting" method proposed in this "Early Voting" initiative petition, versus voting on election day in their assigned precinct polling location and they estimated that 6,502 voters would have used this process in the Federal General Election.

Additional Staffing for EACH Election

Eight weeks with temporary office administrators to oversee the timely coordination of the entire process, including but not limited to setting up all procedures and touch screen election equipment, and handling the increased volume of voting paper work generated with "Early Voting."

1 staff-Supervisor @\$1,536.00

\$ 1,536.00

Four weeks with election judges to handle the early voting and verifying the ballots at a designated location.

2 Election Judges x \$85/day	\$ 2,380.00
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Training

1 staff-Supervisor x \$96/day	\$ 96.00
2 Election Judges x \$30/day	\$ 60.00

Voting supplies to comply with requirement to have proper voting devices at the early voting location:

Envelopes for "Early Voting" Ballots @ \$95/hundred	\$6,175.00
Miscellaneous election supplies	\$ 500.00
Publishing Costs (Advertising)	\$ 25.00
Electronic Poll Book (one time expense)	\$3,500.00
Electronic Poll Book Set Up	\$ 500.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2008 would have been:

Additional staffing	\$ 3,916.00
Training	\$ 156.00
Voting supplies	<u>\$10,700.00</u>
Total	\$14,772.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2012:

Additional staffing	\$ 3,916.00
Training	\$ 156.00
Voting supplies	<u>\$10,700.00</u>
Total	\$14,772.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2016:

Additional staffing	\$ 3,916.00
Training	\$ 156.00
Voting supplies	<u>\$ 7,200.00</u>
Total	\$11,272.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2020:

Additional staffing	\$ 3,916.00
Training	\$ 156.00
Voting supplies	<u>\$ 7,200.00</u>
Total	\$11,272.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2024:

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Training	\$ 156.00
Voting supplies	<u>\$ 7,200.00</u>
Total	\$11,272.00

Years 2012, 2016, 2020, and 2024 have not been adjusted to reflect inflation causing increases in salary and increased cost of supplies or rent. The possible increase in registered voters has not been adjusted either. The staffing costs are based on an estimate of hours to include polls open 8:00 A.M. to 5:00 P.M. and 8 hours on Saturday/Sunday. These hours are in keeping with the hours outlined in the proposed petition and for the sole purpose of convenience to the voter.

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Officials from **St. Charles County** indicated they estimate their cost for this proposal to result in a cost of \$334,600 for the first election held and \$289,600 for each subsequent election held under this proposal.

FIRST ELECTION

Additional site locations rent:	\$ 28,800.00
Judges:	\$100,000.00
Van rental/workers to Deliver ballots:	\$ 8,800.00
Computers:	\$ 15,000.00

Software programming to provide on site lists for voters wanting to know who has already voted in advance. 115.276.1 Sub Section 10, including Election Authority staff time:	\$ 20,000.00
Internet:	\$ 2,000.00
Ballots:	\$147,000.00
Secure Storage at satellite sites:	\$ 10,000.00
Saturday & Sunday Overtime:	\$ 3,000.00
TOTAL:	\$334,600.00

EACH ADDITIONAL ELECTION

TOTAL:	\$289,600.00
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Officials from **Rockwood R-VI School District** indicated they anticipate no savings or costs from this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would not have any direct fiscal impact on their college.

Officials from the **St. Louis County Board of Elections** indicated:

This amendment creates a system to allow voters to cast advance ballots at central voting locations and satellite sites. The advance voting period will begin 20 days prior to an election and shall be conducted during regular business hours between 7:00 a.m. and 7:00 p.m. and until 12:00 p.m. on Saturdays and will conclude the Saturday prior to the election. The advance voting period will include 11 weekdays and 2, half-day Saturdays. The election authority shall consider factors including geographic location and demographics of the registered voters from the previous election to ensure nondiscrimination and provide adequate notice of the central locations and the satellite sites that are chosen.

Assumptions: This bill does not require paper ballots, and only requires advance voting for federal general elections. The number of sites is based off of the number of registered voters from the previous general election divided by 50,000. The November 2010 registered voter total was 682,976.

The intent of this note is to delineate all direct costs (one-time, startup and recurring) to the LEA.

Costs are calculated assuming 1 central location and 14 satellite sites will be utilized. Satellite sites will be open during regular business hours (10 hrs.) on weekdays and until 12:00 p.m. on Saturdays (5 hrs.) during the voting period.

1ST YEAR (2012) RECURRING FIXED COSTS (Annual):

Satellite Site Costs

Site Lease (21 days continuous) \$250 per day x 14 sites x 1 election....	\$73,500
Equipment set-up, delivery, pick-up, storage, truck rental fees	
\$2,000 per site x 14 sites x 1 election.....	28,000
High-Speed internet MIFI monthly fees 12 months @\$60/mo x 14 sites	10,080
Travel/mileage Reimbursement \$.55 per mile x 30 miles average	
per FTE x 2 per site x 14 sites x 13 working days x 1 election.....	6,006
24 hr. security \$240 per day x 14 sites x 21 days x 1 election.....	70,560
Office supplies, pens, paper, etc.\$20 per site x 14 sites x 1 election.....	280
Legal Review \$125 per hr. x 6 hrs per site x 14 sites.....	10,500
Total Recurring Satellite Site Costs:	\$198,926

Full-time Labor

Twenty-eight (28) additional FTEs (full-time equivalents), (2 per site), (14 sites)	
@ \$32,000 per year.....	\$896,000
Benefits (\$11,729 x 28).....	328,412
Trainers (\$16.00 per hr. x 6 hrs. x 2 sessions x 2 trainers).....	384
Site Research and Setup (\$18.00 per hr. x 500 hrs.).....	\$9,000
Total Full-time labor costs:.....	\$1,233,796

Part-time Labor

Eighty-four (84) additional PTEs (part-time equivalents), (6 per site), 14 sites @	
\$10.00 per hr. x 10 hrs. per day x 12 days x 1 election.....	\$100,800
Benefits (\$410 x 84 x 1 election).....	34,440
Training (\$10.00 per hr. x 6 hrs. x 84 PTEs).....	5,040
Total Part-time labor costs:.....	\$140,280

Total Annual Site and labor Costs: \$1,573,002

Miscellaneous Costs

Software License Maintenance/Upgrades	
112 DREs @ \$159 each per year (8 per site), (14 sites).....	\$17,808
PC Laptop Software Maintenance/Upgrades	
56 Laptops @ \$250 per year (4 per site), (14 sites)	\$14,000
Informational Postcards for advance voting	
447,275 households x .20 x 1 election.....	\$89,455
Processing fees for providing voter lists	
Paper, CD's, mailing fees, personnel time.....	\$18,312

Total Recurring Miscellaneous Costs..... \$139,575

Total Recurring Annual Costs: \$1,712,577

NON-RECURRING, START UP COSTS

Equipment

56 laptop PCs @ \$1,000 each (4 per site) x 14 sites \$56,000

112 DREs @ \$3,500 each (8 per site) x 14 sites..... 392,000

28 SSTs (Security, Transport, Storage) Carts @ \$570 each
for DREs (2 per site) x 14 sites..... 15,960

14 High-Speed internet MIFI cards @ \$300.00 per card 4,200

Tables, chairs, signs, posters cell phones \$400 per site x 14..... 5,600

Training manuals..... \$2,000

Total non-recurring equipment costs:\$475,760

Labor

One (1) additional FTE,

@ \$32,000 per year for 3 months for site research and setup\$8,000

Benefits2,665

One (1) additional FTE,

@ \$43,000 per year for 6 months for programming changes\$21,500

Benefits7,881

Total non-recurring labor costs:.....\$40,046

Total non-recurring Costs:.....\$515,806

Total Costs 1st Year (2012).....\$2,228,383

Total Costs 2nd Year (2013).....none

Total Costs 3rd Year (2014).....\$1,712,577

Officials from the **Jackson County Election Board** indicated

Oversight of Advanced Voting would require at least one person to coordinate all aspects of the operation.

Annual Cost for Coordinator: \$35,000.00

Other related 1 (one) time cost:

6 Additional Precinct Ballot Counters \$59,100.00

60 Additional Voting Booths \$15,000.00

6 Laptop Computers \$ 5,400.00

Total one time cost: \$79,500.00

COST PER ELECTION:

Jackson County Election Board had 234,109 registered voters. Based on the formula of 1 satellite site per 50,000 voters, board officials estimated they would have to use 6 locations due to the logistics of the jurisdiction to ensure nondiscrimination in the representation of registered voters.

Site Rental based on current real estate rates:

6 locations	\$63,000.00
Internet Cable Connection to Missouri	
Central Voter Registration Data Base:	
6 locations	\$ 1,800.00
Misc. Supplies and expenses	\$ 5,000.00
Election Services Fund	\$ 9,623.00
Ballot Printing	\$ 1,000.00
Ballots	<u>\$12,903.00</u>
Total	<u>\$93,326.00</u>

Legal Public Notice	\$20,735.00
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Election Judges for 6 locations 20 days	\$92,460.00
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Election Assistant/Technician 6 locations 20 days	<u>\$18,210.00</u>
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Total	<u>\$110,670.00</u>
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ONE TIME COST	\$ 79,500.00
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ONGOING COST	\$ 35,000.00
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GRAND TOTAL FOR ONE ELECTION	\$224,731.00
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GRAND TOTAL FOR ALL 3 COUNTY-WIDE ELECTIONS	\$674,193.00
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The **State Auditor's office** assumes a total of 48 satellite voting sites will be required in 17 affected election authorities.

One-time estimated costs:

\$676,800 for local election authorities to equip the satellite locations at \$14,100 per satellite

On-going estimated costs (for each federal general election):

\$235,008 for 4 election judges at each of the satellite locations for 136 hours per judge at \$9 per hour.

\$60,480 for maintenance of the satellite locations, including rent, utilities, and broadband Internet service at \$1,260 per satellite

\$283,968 for 2 election judges at each central vote early location (114 counties plus the City of St. Louis and Kansas City) for 136 hours per judge at \$9 per hour

Total estimated local government costs:

\$676,800 one-time + \$579,456 on-going (for each federal general election) = \$1,256,256

These costs will fluctuate depending on the compensation, staffing and planning decisions of election authorities.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, **Boone County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, **Taney County**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, **St. Louis City Election Board**, **Kansas City Election Board**, **Platte County Board of Elections**, and **Clay County Election Board**.

Fiscal Note Summary

It is estimated state government entities would incur unknown potential costs and local governments would incur costs of at least \$1,256,256 (one-time costs of \$676,800 and on-going costs for each federal election of \$579,456). Those costs may fluctuate depending on the compensation, staffing and planning decisions of election authorities.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-04)**

Subject

Initiative petition from Matt Cologna regarding a proposed constitutional amendment to Article VIII. (Received January 6, 2011)

Date

January 26, 2011

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **St. Louis County Election Board**, **St. Louis City Election Board**, **Kansas City Election Board**, **Platte County Board of Elections**, **Jackson County Election Board**, and **Clay County Election Board**.

Assumptions

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Revenues:

None

Savings:

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Costs:

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Officials from **Metropolitan Community College** indicated this petition would not have any direct fiscal impact on their college.

Officials from the **St. Louis County Board of Elections** indicated:

This amendment creates a system to allow voters to cast advance ballots at central voting locations and satellite sites. The advance voting period will begin 20 days prior to an election and shall be conducted during regular business hours between 7:00 a.m. and 7:00 p.m. and until 12:00 p.m. on Saturdays and will conclude the Saturday prior to the election. The advance voting period will include 11 weekdays and 2, half-day Saturdays. The election authority shall consider factors including geographic location and demographics of the registered voters from the previous election to ensure nondiscrimination and provide adequate notice of the central locations and the satellite sites that are chosen.

Assumptions: This bill does not require paper ballots, and only requires advance voting for federal general elections. The number of sites is based off of the number of registered voters from the previous general election divided by 50,000. The November 2010 registered voter total was 682,976.

The intent of this note is to delineate all direct costs (one-time, startup and recurring) to the LEA.

Costs are calculated assuming 1 central location and 14 satellite sites will be utilized. Satellite sites will be open during regular business hours (10 hrs.) on weekdays and until 12:00 p.m. on Saturdays (5 hrs.) during the voting period.

1ST YEAR (2012) RECURRING FIXED COSTS (Annual):

Satellite Site Costs

Site Lease (21 days continuous) \$250 per day x 14 sites x 1 election....	\$73,500
Equipment set-up, delivery, pick-up, storage, truck rental fees	
\$2,000 per site x 14 sites x 1 election.....	28,000
High-Speed internet MIFI monthly fees 12 months @\$60/mo x 14 sites	10,080
Travel/mileage Reimbursement \$.55 per mile x 30 miles average	
per FTE x 2 per site x 14 sites x 13 working days x 1 election.....	6,006
24 hr. security \$240 per day x 14 sites x 21 days x 1 election.....	70,560
Office supplies, pens, paper, etc.\$20 per site x 14 sites x 1 election.....	280
Legal Review \$125 per hr. x 6 hrs per site x 14 sites.....	10,500
Total Recurring Satellite Site Costs:	\$198,926

Full-time Labor

Twenty-eight (28) additional FTEs (full-time equivalents), (2 per site), (14 sites)	
@ \$32,000 per year.....	\$896,000
Benefits (\$11,729 x 28).....	328,412
Trainers (\$16.00 per hr. x 6 hrs. x 2 sessions x 2 trainers).....	384
Site Research and Setup (\$18.00 per hr. x 500 hrs.).....	\$9,000
Total Full-time labor costs:.....	\$1,233,796

Part-time Labor

Eighty-four (84) additional PTEs (part-time equivalents), (6 per site), 14 sites @	
\$10.00 per hr. x 10 hrs. per day x 12 days x 1 election.....	\$100,800
Benefits (\$410 x 84 x 1 election).....	34,440
Training (\$10.00 per hr. x 6 hrs. x 84 PTEs).....	5,040
Total Part-time labor costs:.....	\$140,280

Total Annual Site and labor Costs: \$1,573,002

Miscellaneous Costs

Software License Maintenance/Upgrades	
112 DREs @ \$159 each per year (8 per site), (14 sites).....	\$17,808
PC Laptop Software Maintenance/Upgrades	
56 Laptops @ \$250 per year (4 per site), (14 sites)	\$14,000
Informational Postcards for advance voting	
447,275 households x .20 x 1 election.....	\$89,455
Processing fees for providing voter lists	
Paper, CD's, mailing fees, personnel time.....	\$18,312

Total Recurring Miscellaneous Costs..... \$139,575

Total Recurring Annual Costs: \$1,712,577

NON-RECURRING, START UP COSTS

Equipment

56 laptop PCs @ \$1,000 each (4 per site) x 14 sites \$56,000

112 DREs @ \$3,500 each (8 per site) x 14 sites..... 392,000

28 SSTs (Security, Transport, Storage) Carts @ \$570 each
for DREs (2 per site) x 14 sites..... 15,960

14 High-Speed internet MIFI cards @ \$300.00 per card 4,200

Tables, chairs, signs, posters cell phones \$400 per site x 14..... 5,600

Training manuals..... \$2,000

Total non-recurring equipment costs:\$475,760

Labor

One (1) additional FTE,

@ \$32,000 per year for 3 months for site research and setup\$8,000

Benefits2,665

One (1) additional FTE,

@ \$43,000 per year for 6 months for programming changes\$21,500

Benefits7,881

Total non-recurring labor costs:.....\$40,046

Total non-recurring Costs:.....\$515,806

Total Costs 1st Year (2012).....\$2,228,383

Total Costs 2nd Year (2013).....none

Total Costs 3rd Year (2014).....\$1,712,577

Officials from the **Jackson County Election Board** indicated

Oversight of Advanced Voting would require at least one person to coordinate all aspects of the operation.

Annual Cost for Coordinator: \$35,000.00

Other related 1 (one) time cost:

6 Additional Precinct Ballot Counters \$59,100.00

60 Additional Voting Booths \$15,000.00

6 Laptop Computers \$ 5,400.00

Total one time cost: \$79,500.00

COST PER ELECTION:

Jackson County Election Board had 234,109 registered voters. Based on the formula of 1 satellite site per 50,000 voters, board officials estimated they would have to use 6 locations due to the logistics of the jurisdiction to ensure nondiscrimination in the representation of registered voters.

Site Rental based on current real estate rates:

6 locations	\$63,000.00
Internet Cable Connection to Missouri	
Central Voter Registration Data Base:	
6 locations	\$ 1,800.00
Misc. Supplies and expenses	\$ 5,000.00
Election Services Fund	\$ 9,623.00
Ballot Printing	\$ 1,000.00
Ballots	<u>\$12,903.00</u>
Total	<u>\$93,326.00</u>

Legal Public Notice	\$20,735.00
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Election Judges for 6 locations 20 days	\$92,460.00
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Election Assistant/Technician 6 locations 20 days	<u>\$18,210.00</u>
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Total	<u>\$110,670.00</u>
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ONE TIME COST	\$ 79,500.00
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ONGOING COST	\$ 35,000.00
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GRAND TOTAL FOR ONE ELECTION	\$224,731.00
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GRAND TOTAL FOR ALL 3 COUNTY-WIDE ELECTIONS	\$674,193.00
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The **State Auditor's office** assumes a total of 48 satellite voting sites will be required in 17 affected election authorities.

One-time estimated costs:

\$676,800 for local election authorities to equip the satellite locations at \$14,100 per satellite

On-going estimated costs (for each federal general election):

\$235,008 for 4 election judges at each of the satellite locations for 136 hours per judge at \$9 per hour.

\$60,480 for maintenance of the satellite locations, including rent, utilities, and broadband Internet service at \$1,260 per satellite

\$283,968 for 2 election judges at each central vote early location (114 counties plus the City of St. Louis and Kansas City) for 136 hours per judge at \$9 per hour

Total estimated local government costs:

\$676,800 one-time + \$579,456 on-going (for each federal general election) = \$1,256,256

These costs will fluctuate depending on the compensation, staffing and planning decisions of election authorities.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, **Boone County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, **Taney County**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, **St. Louis City Election Board**, **Kansas City Election Board**, **Platte County Board of Elections**, and **Clay County Election Board**.

Fiscal Note Summary

It is estimated state government entities would incur unknown potential costs and local governments would incur costs of at least \$1,256,256 (one-time costs of \$676,800 and on-going costs for each federal election of \$579,456). Those costs may fluctuate depending on the compensation, staffing and planning decisions of election authorities.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-05)**

Subject

Initiative petition from Matt Cologna regarding a proposed amendment to Chapter 115 of the Revised Statutes of Missouri. (Received January 6, 2011)

Date

January 26, 2011

Description

This proposal would amend Chapter 115 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **St. Louis County Election Board**, **St. Louis City Election Board**, **Kansas City Election Board**, **Platte County Board of Elections**, **Jackson County Election Board**, and **Clay County Election Board**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that

because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Economic Development** indicated there is no anticipated fiscal impact for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any fiscal impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration (OA)** indicated this proposal will have no fiscal impact on their department. Budget and Planning defers to the Secretary of State's Office for statewide costs of election authorities.

They provided the following Technical Note:

The proposed amendment does not repeal or amend Section 115.639.1 RSMo, which requires employers to provide employees three hours away from their employment between the opening and closing of polls for the purpose of voting. However, if this

section were repealed or is deemed unnecessary, there would be an estimated statewide savings of \$26,481 to \$54,106 per election.

$$\$32,592/2,080 = \$17.28 \times 1,690 = \$26,481$$

$$\$32,592/2,080 = \$17.28 \times 3,453 = \$54,106$$

\$32,592 average state employee salary (uniform classification and pay positions)

2,080 annual hours (to convert to hourly wage rate)

3,453 state employee voting leave with pay hours during the 2008 general election

1,690 state employee voting leave with pay hours during the 2010 general election

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

This measure will require the Secretary of State to reimburse local election authorities for increased costs. The measure will require the Secretary of State to reimburse local election authorities for operating satellite locations, including payment for election judges and the equipment necessary for federal elections.

Based on the current distribution of registered voters, the measure would require 48 satellite sites for early voting for 17 election authorities using the 50,000 registered voter formula – St. Louis City (4), St. Louis County (14), Kansas City (4), Jackson County (4) and the counties of Cape Girardeau (1), Christian (1), Cole (1), Buchanan (1), Franklin (1), Cass (1), Platte (1), Jasper (1), Boone (2), Clay (3), Jefferson (2), Greene (3), St. Charles (4). The fiscal note assumes that each early voting satellite voting location would

be staffed by four election judges paid \$9 per hour for the 137 hours that they will be open for early voting - a total of \$236,736 per election. Election authorities could also incur ongoing costs for maintenance of the satellite locations, including rent, utilities, and broadband internet service, in the approximate amount of \$1,260 per satellite location for one month or a total of \$60,480 per election.

Local election authorities would incur one-time costs for the purchase of equipment necessary for early voting at the satellite locations, including accessible voting machines for disabled voters, laptop computers and printers:

1 accessible voting machine per satellite site= \$5,000

2 laptop computers per satellite site = \$1,600

1 ballot on demand printer per satellite site = \$7,500

\$14,100 per satellite site multiplied by 48 satellite sites = \$ 676,800 initial start up costs, of which \$250,000 could be paid for with federal funds under the Help America Vote Act.

Early voting would take approximately half the time to process as walk-in absentees, therefore early voting at a central location should not result in increased costs to the election authorities, as elections staff would already be available to process walk-in absentee voters.

FY 2015- November 2014 general election

Total cost for FY 2015- \$236,736-pollworkers

\$60,480-rent, utilities

+ \$676,800-initial start up cost

\$974,016

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to Office of Administration and Department of Revenue.

Officials from **Adair County** indicated it is estimated that the additional cost to establish a central vote early location in their county would be a minimum of \$5000 for each election that qualified for early voting. They said this is only an estimate and they anticipate the cost could be significantly higher if the central vote early location could not be housed in a county facility.

The officials said passage of this petition will not only increase costs, but add to the work load of the election authority of their county.

Officials from **Callaway County** indicated:

Revenues:

none

Savings:

none

Costs:

County officials used 2008 as a typical example of what costs will be incurred should this "Early Voting" initiative petition be voted into law.

They assume one third of the voters would have used the "Early Voting" method proposed in this "Early Voting" initiative petition, versus voting on election day in their assigned precinct polling location and estimated that 6,502 voters would have used this process in the Federal General Election.

Additional Staffing for EACH Election

Eight weeks with temporary office administrators to oversee the timely coordination of the entire process, including but not limited to setting up all procedures and touch screen election equipment, and handling the increased volume of voting paper work generated with "Early Voting."

1 staff-Supervisor @\$1,536.00	\$ 1,536.00
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Four weeks with election judges to handle the early voting and verifying the ballots at a designated location.

2 Election Judges x \$85/day	\$ 2,380.00
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Training

1 staff-Supervisor x \$96/day	\$ 96.00
2 Election Judges x \$30/day	\$ 60.00

Voting supplies to comply with requirement to have proper voting devices at the early voting location:

Envelopes for "Early Voting" Ballots @ \$95/hundred	\$6,175.00
Miscellaneous election supplies	\$ 500.00
Publishing Costs (Advertising)	\$ 25.00
Electronic Poll Book (one time expense)	\$3,500.00
Electronic Poll Book Set Up	\$ 500.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2008 would have been:

Additional staffing	\$ 3,916.00
Training	\$ 156.00
Voting supplies	<u>\$10,700.00</u>
Total	\$14,772.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2012:

Additional staffing	\$ 3,916.00
Training	\$ 156.00
Voting supplies	<u>\$10,700.00</u>
Total	\$14,772.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2016:

Additional staffing	\$ 3,916.00
Training	\$ 156.00
Voting supplies	<u>\$ 7,200.00</u>
Total	\$11,272.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2020:

Additional staffing	\$ 3,916.00
Training	\$ 156.00
Voting supplies	<u>\$ 7,200.00</u>
Total	\$11,272.00

Total Estimated Expenses to implement "Early Voting" for Federal General Election in 2024:

Additional staffing	\$ 3,916.00
Training	\$ 156.00
Voting supplies	<u>\$ 7,200.00</u>
Total	\$11,272.00

Years 2012, 2016, 2020, and 2024 have not been adjusted to reflect inflation causing increases in salary and increased cost of supplies or rent. The possible increase in registered voters has not been adjusted either. The staffing costs are based on an estimate of hours to include polls open 8:00 A.M. to 5:00 P.M. and 8 hours on Saturday/Sunday. These hours are in keeping with the hours outlined in the proposed petition and for the sole purpose of convenience to the voter.

Officials from **Jasper County** indicated many of the procedures outlined in the provisions of subject petitions are already in place and have been practiced in previous elections; however, to implement the provision for additional judges from political parties, to allow for affidavits of address changes thru the date of elections, and to make available voter lists of early voters who have already cast their ballots will require additional personal, printing and programming costs. They estimate to implement these provisions will add at least \$12,100 to the cost of each election.

Officials from **St. Charles County** indicated they estimate their cost for this proposal to result in a cost of \$334,600 for the first election held and \$289,600 for each subsequent election held under this proposal.

FIRST ELECTION

Additional site locations rent:	\$ 28,800.00
Judges:	\$100,000.00
Van rental/workers to Deliver ballots:	\$ 8,800.00
Computers:	\$ 15,000.00
Software programming to provide on site lists for voters wanting to know who has already voted in advance. 115.276.1 Sub Section 10, including Election Authority staff time:	\$ 20,000.00
Internet:	\$ 2,000.00
Ballots:	\$147,000.00
Secure Storage at satellite sites:	\$ 10,000.00
Saturday & Sunday Overtime:	\$ 3,000.00
TOTAL:	\$334,600.00

EACH ADDITIONAL ELECTION

TOTAL: \$289,600.00

Officials from **St. Louis County Election Board** indicated:

This amendment creates a system to allow voters to cast advance ballots at central voting locations and satellite sites. The advance voting period will begin 20 days prior to an election and shall be conducted during regular business hours between 7:00 a.m. and 7:00 p.m. and until 12:00 p.m. on Saturdays and will conclude the Saturday prior to the election. The advance voting period will include 11 weekdays and 2, half-day Saturdays. The election authority shall consider factors including geographic location and demographics of the registered voters from the previous election to ensure nondiscrimination and provide adequate notice of the central locations and the satellite sites that are chosen.

Assumptions: This bill does not require paper ballots, and only requires advance voting for federal general elections. The number of sites is based off of the number of registered voters from the previous general election divided by 50,000. The November 2010 registered voter total was 682,976.

The intent of this note is to delineate all direct costs (one-time, startup and recurring) to the LEA.

Costs are calculated assuming 1 central location and 14 satellite sites will be utilized. Satellite sites will be open during regular business hours (10 hrs.) on weekdays and until 12:00 p.m. on Saturdays (5 hrs.) during the voting period.

1ST YEAR (2012) RECURRING FIXED COSTS (Annual):

Satellite Site Costs

Site Lease (21 days continuous) \$250 per day x 14 sites x 1 election.....	73,500
Equipment set-up, delivery, pick-up, storage, truck rental fees	
\$2,000 per site x 14 sites x 1 election.....	28,000
High-Speed internet MIFI monthly fees 12 months @\$60/mo x 14 sites.....	10,080
Travel/mileage Reimbursement \$.55 per mile x 30 miles average	
per FTE x 2 per site x 14 sites x 13 working days x 1 election.....	6,006
24 hr. security \$240 per day x 14 sites x 21 days x 1 election.....	70,560
Office supplies, pens, paper, etc.\$20 per site x 14 sites x 1 election.....	280
Legal Review \$125 per hr. x 6 hrs per site x 14 sites.....	10,500
Total Recurring Satellite Site Costs:	\$198,926

Full-time Labor

Twenty-eight (28) additional FTEs (full-time equivalents), (2 per site), (14 sites) @ \$32,000 per year.....	\$896,000
Benefits (\$11,729 x 28).....	328,412
Trainers (\$16.00 per hr. x 6 hrs. x 2 sessions x 2 trainers).....	384

Site Research and Setup (\$18.00 per hr. x 500 hrs.).....\$9,000
Total Full-time labor costs:.....\$1,233,796

Part-time Labor

Eighty-four (84) additional PTEs (part-time equivalents), (6 per site), 14 sites @ \$10.00
per hr. x 10 hrs. per day x 12 days x 1 election.....\$100,800
Benefits (\$410 x 84 x 1 election).....34,440
Training (\$10.00 per hr. x 6 hrs. x 84 PTEs).....5,040
Total Part-time labor costs:.....\$140,280

Total Annual Site and labor Costs:\$1,573,002

Miscellaneous Costs

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112 DREs @ \$159 each per year (8 per site), (14 sites).....\$17,808

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Processing fees for providing voter lists

Paper, CD's, mailing fees, personnel time.....\$18,312

Total Recurring Miscellaneous Costs.....\$139,575

Total Recurring Annual Costs:\$1,712,577

NON-RECURRING, START UP COSTS

Equipment

56 laptop PCs @ \$1,000 each (4 per site) x 14 sites\$56,000

112 DREs @ \$3,500 each (8 per site) x 14 sites.....392,000

28 SSTs (Security, Transport, Storage) Carts @ \$570 each

for DREs (2 per site) x 14 sites.....15,960

14 High-Speed internet MIFI cards @ \$300.00 per card4,200

Tables, chairs, signs, posters cell phones \$400 per site x 14.....5,600

Training manuals.....\$2,000

Total non-recurring equipment costs:\$475,760

Labor

One (1) additional FTE,

@ \$32,000 per year for 3 months for site research and setup.....\$8,000

Benefits2,665

One (1) additional FTE,

@ \$43,000 per year for 6 months for programming changes\$21,500

Benefits7,881

Total non-recurring labor costs:.....\$40,046

Total non-recurring Costs:\$515,806

Total Costs 1st Year (2012).....\$2,228,383

Total Costs 2nd Year (2013)none

Total Costs 3rd Year (2014).....\$1,712,577

Officials from the **St. Louis City Election Board** indicated they would expect that the cost to implement the "vote early balloting" being proposed by Mr. Cologna in the City of St. Louis would equal, if not exceed, a \$75,200.00 estimate computed in 2002. That estimate is detailed in the following computations:

LOCATIONS

Advance voting will be conducted in the City of St. Louis, Missouri at the office of the Board of Election Commissioners (BEC), which is located at 300 North Tucker Boulevard in downtown St. Louis, and at four (4) additional locations that will be situated generally as follows:

1. South City.
2. Southwest City.
3. Northwest City.
4. North City.

The intent will be to have the five (5) locations spaced out such that each is readily accessible to approximately twenty percent (20%) of the registered voters in the City of St. Louis.

COST

The Board estimated that implementing an advance voting system in the City of St. Louis will have a total fiscal impact of approximately \$75,200.00. The breakdown of that cost is as follows:

- | | | |
|----|------------------------------|-------------|
| 1. | Extra staff/election judges: | \$63,380.00 |
| 2. | Equipment and technology: | \$ 5,000.00 |
| 3. | Miscellaneous | \$ 6,820.00 |

St. Louis Board of Election Commissioners

ADVANCE VOTING PLAN DETAIL

The permissible advance voting period (the "AVP") begins 14 days prior to the election and ends at 5:00 P.M. on the Wednesday before the day of the election. This plan anticipates that each satellite location will be open during the BEC's normal business hours (8:00 A.M. to 5:00 P.M.) every day during the AVP, including Saturday but not on Sunday (for a total of 8 days). The plan also anticipates that each location (including the main office) will be staffed with 10 election judges – i.e., 4 Supervisors (2 Dem. and 2 Rep.), 4 Judges (2 Dem. and 2 Rep.), and 2 Specialists (required by the Consent Decree entered into with the Department of Justice [DOJ] in August, 2002); that there will be two teams of Roving Deputies assisting at the satellite locations as

necessary; and that there will be a “pool” of alternate election day workers at the BEC's main office in the event a scheduled worker is unable to work on a given day.

Staffing

	<u>Position</u>	<u>Number</u>	<u>Cost</u>
1.	Advance Voting Deputy Assistant (6 mos.) – to monitor and coordinate all advance voting activities	1	\$12,500.00
2.	Temporary Workers – To assist with inputting data from advance voters; filing records; verifying data from satellite locations; preparing ballots for tabulation (2 per location)	10	\$ 6,000.00
3.	Election Judges -- To process the advance voters at each location (\$90/Supervisor/day; \$75/Judge and Specialist/day)	50	\$32,400.00
4.	Alternates (4 Supervisors, 4 Judges, 2 Specialists)	10	\$ 6,480.00
5.	Roving and Special Deputies (\$125/Deputy/day)	6	<u>\$ 6,000.00</u>
	Total		\$63,380.00

Equipment and Technology

Under the terms of the Consent Decree entered into with the DOJ, the BEC has committed to providing laptop computers and printers in every voting precinct by the August, 2004 federal primary election, and training its election judges to be proficient in the use of this computer technology, and the City of St. Louis, which provides funding for the BEC, has committed to ensuring that the City's annual budget allocation to the BEC will enable it to meet that commitment. As a result, we do not anticipate incurring any extraordinary costs for equipment and technology specifically to implement this Advance Voting Plan. Nevertheless, we have included \$5,000.00 in the Plan to cover the expense of any unanticipated miscellaneous equipment or licensing costs.

Miscellaneous

	<u>Description</u>	<u>Cost</u>
1.	Material and supplies	\$ 2,000.00
2.	Polling place rental (\$75/site/day)	\$ 2,400.00
3.	Training of election day workers	\$ 2,100.00

4.	Tables and chairs	\$ 200.00
5.	Delivery costs	\$ <u>120.00</u>
	Total	\$ 6,820.00

Officials from the **Jackson County Election Board** indicated Oversight of Advanced Voting would require at least one person to coordinate all aspects of the operation.

Annual Cost for Coordinator: \$35,000.00

Other related 1 (one) time cost:

6 Additional Precinct Ballot Counters	\$59,100.00
60 Additional Voting Booths	\$15,000.00
6 Laptop Computers	<u>\$ 5,400.00</u>

Total one time cost: \$79,500.00

COST PER ELECTION:

Jackson County Election Board had 234,109 registered voters. Based on the formula of 1 satellite site per 50,000 voters, board officials estimated they would have to use 6 locations due to the logistics of the jurisdiction to insure nondiscrimination in the representation of registered voters.

Site Rental based on current real estate rates:

6 locations	\$63,000.00
Internet Cable Connection to Missouri	
Central Voter Registration Data Base:	
6 locations	\$ 1,800.00
Misc. Supplies and expenses	\$ 5,000.00
Election Services Fund	\$ 9,623.00
Ballot Printing	\$ 1,000.00
Ballots	<u>\$12,903.00</u>
Total	<u>\$93,326.00</u>

Legal Public Notice \$20,735.00

Election Judges for 6 locations 20 days \$92,460.00

Election Assistant/Technician 6 locations 20 days \$18,210.00

Total \$110,670.00

ONE TIME COST \$ 79,500.00

ONGOING COST \$ 35,000.00

GRAND TOTAL FOR ONE ELECTION \$224,731.00

GRAND TOTAL FOR ALL 3 COUNTY-WIDE ELECTIONS

\$674,193.00

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, **Boone County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, **Taney County**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, **St. Louis Community College**, **Kansas City Election Board**, **Platte County Board of Elections**, and **Clay County Election Board**.

Fiscal Note Summary

It is estimated state government entities would reimburse election authorities for incurred costs of at least \$974,016 in fiscal year 2015 (one-time costs of \$676,800 and on-going costs for each federal election of \$297,216). Those costs may be higher depending on the compensation, staffing and planning decisions of affected election authorities.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-15)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received January 18, 2011)

Date

February 7, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

James R. Moody provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated that elimination of tax credits would have a negative impact on revenue for the Missouri Agricultural and Small Business Development Authority (MASBDA). Average annual revenues for the last four years (FY07-FY10) were \$286,135 per year. Therefore, it appears that MASBDA would realize \$143,070 in reduced revenues in FY 14. Reduced revenues in FY 15 and thereafter are estimated to equal \$286,135 per year.

Officials from the **Department of Economic Development** indicated this proposal will result in an unknown fiscal impact in excess of \$100,000 to their department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings and eliminates the power of the General Assembly to enact such taxes, effective January 1, 2014. The repealed taxes are to be replaced with a sale and use tax of up to seven percent imposed on the purchase of goods and services by consumers, subject to a number of exemptions enacted in place of all current sales tax exemptions.

As impacts the Department of Economic Development, this proposal would eliminate the General Assembly's power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied against the taxes repealed by the proposal, which, as applicable to tax credits and other tax-based incentive programs, includes the personal income tax, withholding tax, corporate income tax, financial institutions taxes, and bank and corporate franchise taxes. This proposal further provides that no tax credits shall be authorized or issued to be applied to the repealed taxes after December 31, 2013. After June 30, 2016, no tax credits authorized by the General Assembly to be applied to any of the repealed taxes issued on or before December 31, 2013 shall be approved or redeemed. The department assumes that tax credits could continue to be redeemed against the insurance premium tax, which is not repealed under this proposal, to the extent that the tax credit's specific authorizing statute allows redemptions against the insurance premium tax.

Finally, this proposal would repeal and prohibit the General Assembly from enacting any law authorizing any county or other political subdivision to impose a tax measured by earnings or income, unless the tax was imposed by a city prior to January 1, 2013. In addition, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced.

Impact on Current Economic Incentive Programs

This proposal would restrict and then effectively eliminate current economic incentive programs by repealing the income-based taxes upon which they are based and by prohibiting the authorization of any new tax credits after December 31, 2013, subject to a few limited exceptions.

Examples of new business recruitment, business expansion and business retention economic incentive programs administered in part by the department that would be severely limited under this proposal include Missouri Quality Jobs, Missouri Manufacturing Jobs Act, BUILD, Enhanced Enterprise Zone, Development Tax Credit, Community College New Jobs Training, Community College Retained Job Training, and Rebuilding Communities. The above economic incentive programs provide tax credits that may be redeemed against income-based Missouri state taxes or allow a business that creates or retains jobs to retain the withholding taxes that it would otherwise be required to remit to the state. Neither tax credits nor retained withholding taxes would continue to provide any monetary incentive under this proposal. Tax credits would no longer provide an incentive because the vast majority of the taxes against which the credits could be redeemed are repealed and no new tax credits could be authorized after December 31, 2013, except as applicable to the remaining insurance premiums tax. Similarly, retained withholding taxes would no longer provide any monetary incentive to a business because the proposal repeals withholding taxes. Without incentives for business recruitment and expansion, Missouri could be put at a disadvantage when competing with other states that provide such incentives.

The state's incentives for redevelopment, such as the Historic Preservation and Brownfield Remediation tax credit programs, or the construction of affordable housing, such as the Low Income Housing Tax Credit, would likewise be effectively eliminated under this proposal. The lack of such incentives could reduce the ability of developers to raise capital and obtain the necessary financing to undertake such projects, resulting in a decline in the overall number of projects undertaken.

The state's contribution tax credits, which incentivize private contributions to non-profit entities, would also be largely eliminated. Such programs administered by the Department of Economic Development include the Neighborhood Assistance and Youth Opportunities Programs. Without state tax credits to offset a portion of private contributions to Missouri non-profits, contributors may be less likely to contribute, resulting in less funding for the important community development and social services such organizations perform.

Impact on Outstanding Tax Credit Authorizations

This proposal would negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by preventing the redemption of such credits after June 30, 2016, except as against the insurance premium tax. In addition, this proposal could limit the total amount of tax credits available to projects previously

approved to receive a multi-year stream of tax credits if the authorized issuance stream extends beyond December 31, 2013.

The department assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed (1) against the insurance premium tax to the extent permitted by each tax credit's authorizing statute, or (2) against any prior year tax liabilities under the taxes repealed by the proposal, either through the taxpayer filing an amended return or by utilizing any applicable carryback. The department also assumes that after June 30, 2016, tax credits could continue to be redeemed utilizing either of these two options to the extent applicable to the specific credit.

Even with the above assumptions, this proposal would significantly reduce the value of outstanding tax credits authorized or issued at any time prior to the proposal's effective date through December 31, 2013, because such credits could no longer be utilized to the extent they could at the time they were issued by limiting the applicable carryforward for the credit and significantly limiting the tax types against which the credits would be redeemed. For example, under current law, a Historic Preservation Tax Credit has a ten year carryforward from the date it is issued and can be redeemed against a variety of tax types. Under this proposal, if a Historic Tax Credit project were authorized in 2011 and tax credits were issued for the project upon completion in 2012, only up to four years of the ten year carryforward could be used before the proposal's June 30, 2016 deadline for redemptions took effect and after that the credit could only be redeemed against the insurance premium tax.

In addition to reducing the value of outstanding tax credits, this proposal would limit the amount of tax credits that could be issued to any project authorized for a multi-year stream of credits where the stream extends beyond December 31, 2013. For example, in the Low Income Housing Tax Credit Program, eligible projects are authorized to be issued a stream of tax credits over a ten year period, with a specified amount of tax credits issued in each of the ten years of the authorized stream. Under this proposal, if an approved project was authorized for a ten year stream of Low Income Housing Tax Credits in 2010, the project could only receive the first few years of the authorized issuance stream before all issuances would be cut off on December 31, 2013.

Any negative impact to the value of credits already issued or a reduction in the total amount of credits available for the project would negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in issuance amounts or credit values is also likely to negatively impact any subsequent purchasers of such credits or streams of credits whose purchase was based on the expectation of a certain value or amount of credits based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values and amounts as a result of this proposal, holders of outstanding tax credits are more likely to redeem their tax credits earlier than

they otherwise would have—i.e. in advance of the 2016 redemption deadline—or, if unable to redeem, transfer credits for a price far lower than what they otherwise could have commanded in the absence of the proposal. Such a rush to redemption will lead to a more highly concentrated fiscal impact to the state, while the discounted transfer prices will result in substantially less equity generated for projects than what was anticipated at the time the projects were approved and obtained financing based on the anticipated tax credit value. In light of the negative impact this proposal would have on outstanding tax credits, there is likely to be litigation between tax credit recipients over who should bear the loss for tax credit holders as a result of the proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of previously awarded retained withholding tax incentives under programs such as Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that would extend beyond January 1, 2014, would be negatively impacted. This would likely generate litigation between companies previously authorized to receive such benefits and the state, which could result in the state being required to satisfy the entire amount of the authorization at once, rather than over a period of years as under current law.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the withholding benefit, then withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit. As with tax credits, this issue is likely to result in litigation, with the company arguing that state must make the company whole for the entire amount of the

promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entire amount of the \$100 million benefit remaining, rather than the benefit being enjoyed over a period of years as withholding taxes for the retained workers would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The state TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund such projects are income-tax based, this proposal would jeopardize the financing for these projects by repealing the taxes generating the necessary revenues to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by taxes that would be repealed under this proposal, which could mean that the relevant local entity would default on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds would negatively impact not only the specific local entity but also the municipal bond market overall.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local development projects under local tax increment financing and other districts. The department will defer to DOR for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** provided the following Calculation of Tax on Insurance Premiums from Initiative Petitions 11-15 thru 11-23.

		Incidence of tax on seller	Incidence of tax on buyer
Initiative Petition	Tax Rate	Gross Domestic Insurance Company Premiums* TAX YEAR 2009	Total Insurance Premiums TAX YEAR 2009
		\$768,761,954.49	\$12,634,241,702.02
11-15 thru 11-22	7%	\$53,813,336.81	\$884,396,919.14
11-23	4%	\$30,750,478.18	\$505,369,668.08

*Due to exemption proposed tax primarily collected from domestic insurance companies

ASSUMPTIONS/NOTES:

- 1) Numbers presented assume insurance product sales remain constant
- 2) Insurance product sales may be impacted if insurance premiums rise due to the proposed sales tax
- 3) Domestic insurance companies may re-domicile from Missouri to foreign states if the incidence of tax is on the seller, reducing the amount collected
- 4) If the general assembly does not exempt health insurance premiums as a benefit for individual healthcare, the total amount of insurance premiums subject to the proposed sales tax would increase by an estimated \$2,693,623,829 or \$10,943,678,671 respectively

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition as it appears to hold the department's Parks and Soil Sales Tax funds harmless.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department; however, they defer to the Office of Administration for the statewide impact.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$14,389,007 for fiscal year 2014.

The costs include increased:
 Salaries-\$7,841,707
 Fringe Benefits-\$4,104,349
 Equipment and Expense-\$2,442,951

They said the proposal affects all state agencies that are funded by general revenues. It also affects all political subdivisions with local taxes. The department does not know whether this proposal was forwarded to all affected entities. It is unclear what the impact will be on small business.

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement

the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$102,396.

The value of the level of effort is calculated on 3864 FTE hours.

They said income tax revenue will decline and sales tax revenue must increase.

The department and ITSD-DOR will need to make programming changes to various tax systems.

Assumptions and methodology used in arriving at state fiscal impact:

Comments and Assumptions:

- The FTE impact for the processing area in fiscal year 2014 is based on a nine-month cycle. Personnel will be required to be fully trained as of January 1, 2014. The department will need to hire and begin training temporary staff in October 2013.

Personal Tax:

- For FY 12 – Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 13 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15 – Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax (July 2014 through December 2014). For the last six months of FY15 (January 2015 – June 2015), Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.
- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- The registration area would see an impact because including all services as a taxable product would greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
 - FY12 - No impact
 - FY13 - No impact
 - FY14 - Based on the presumption of doubling the number of businesses, for registration, contacts, collection effort –CATA will need an additional 88 temporary employees

(CATA's FY09 sales use tax and registration FTE impact was 44) Training will begin in October of 2013.

- FY15 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income, withholding and corporate tax accounts (this reduction will not be seen in this analysis as the period of the fiscal note ends in 2014).

Sales, Excise and Business Tax:

- The following impact is based upon the assumption that the workload for sales and use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., Business tax will need an additional 97 temporary employees for sales and use tax.
- The department assumes that although the new sales tax would go into effect January 1, 2014, current staff responsible for corporate tax, withholding tax and personal tax will not be available for reallocation until the last half of FY15, and even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
- FY 12 – No impact
- FY 13 – No impact
- FY 14 – Business tax will need 97 temporary employees. Training will begin in October of 2014. These would be temporary employees however, since they will be employed for nine months, benefits will be provided.
- FY 15 – For the first half of the year Business tax will need the 97 temporary employees and for the second half Business tax will need 73 temporary employees. The reduction for the second half of FY15 is based upon the assumption that 25% of the permanent staff will now be available for reallocation – Rather than hire new temporary staff, which would require training the new staff; it would be more beneficial to retain the temporary employees. The employees would then be eligible for benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Corporate/Withholding Tax:

- For FY 12 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 13 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 14 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 15 – Corporate/Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) and 79% of existing staff in the Corporate Tax Section (19 out of 24 FTE) to continue the processing and collection duties of withholding and corporate tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in business tax area on a one-to-one basis.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. To conduct double that amount (4,700 sales and use tax audits), it would be necessary to double audit enforcement staff, including additional in-state and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions would increase Field Compliance to 320 positions and a payroll of approximately \$14.0 million.
- Each additional employee would have start up costs which would include a new computer, file cabinet, desk, chair, side chair, calculator, and on-going supplies. The approximate cost for 160 new employees would be \$454,080. The travel and operating budget could potentially double by moving the budget from \$400,000 to potentially \$800,000. This would bring the approximate Expense and Equipment cost to approximately \$1.2 million.
- The department would need to expand and possibly move each in-state and out of state audit office facility to accommodate the increase in personnel. The estimated cost double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal:

- For FY12 – No impact
- For FY13 – No impact
- For FY14 – Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

Prebate:

Because the prebate will be provided by subsequent legislation, the department cannot determine what resources will be required with any certainty. But additional resources above those already identified will be required.

Comments:

- Eliminating the income tax would not “eliminate” the filing of returns. Individual and Corporate income tax filers will file their 2013 calendar year returns after January 1, 2014. Fiscal year corporations would still file 2013 fiscal year returns (which could be as late as September 2015). Corporations, individuals, and businesses would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2014.
- The department is not clear whether the state would have the authority to require sellers to collect this tax. The legislation does not have similar language to current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it

have a definition or requirement that a "vendor" collect the tax much like the use tax statute does. Changing the collecting and remitting responsibility from sellers to purchasers would dramatically reduce the percentage of tax that the department is able to collect.

- The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state's rights with respect to such taxes. The amendment is unclear as to whether such provisions are eliminated. If they are, that would mean that the state cannot assess, audit, or refund.
- This eliminates the corporate income, but not franchise tax.
- No empirical basis appears to exist for setting the state sales tax rate at 7 percent and assuming that rate will generate the revenue that income- and asset-based taxes currently generate for general revenue.
- The department is unclear of the impact to taxes or refunds due, but not yet paid. Instead of repealing the laws on January 1, 2014, the department would recommend changing language to say: "For tax years beginning on or after January 1, 2014..." Also, the existing laws should remain in place in order to wrap up all old business.
- The proposal prevents any tax credit from being issued after December 31, 2013 and prevents any tax credit redemptions after June 30, 2016. This would impact many taxpayers who have credits that can be carried forward beyond FY2016. In addition, if there is no tax on income effective for tax years after January 1, 2014, the department is not clear why tax credits can be redeemed until June 30, 2016, unless it is addressing filers that file prior year or amended returns after January 1, 2014. This would suggest the petition expects taxes which are repealed as of January 1, 2014 to continue past the repeal date.
- Without further action by the general assembly, most local taxing jurisdiction's sales taxes could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.
- There is no provision provided in this petition which allows for rate adjustments.
- This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission. In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the

burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petitions do not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim an exemption, but would not be responsible for actually proving it was entitled to it.

The following are observations made by the department regarding the various exemptions:

- (1) Sales of personal property, which were transferred in a taxable transaction in another state before being brought into Missouri, are not exempt.
- (3) “Other similar intangible personal property held for investment purposes” is vague and will generate litigation.
- (4) Exempts sales of real property, but not rentals or leases of real property.
- (6) The term “tuition and fees . . . for educational services” is vague and will generate litigation. The term appears not to exempt from tax some fees paid to universities, such as recreational center fees.
- (8) The terms “agricultural trade” and “agricultural business purposes” are vague and will generate litigation.
- (10) Exemption is broader than just purchases of healthcare items and services. It also includes any item purchased by a doctor or hospital for the benefit of any of its patients.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if adopted by the voters, will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals, with various exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1 (d) of both proposals would appear to leave intact such sales tax. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. Consequently, it appears that both proposals would have an impact on department funds, but it is unknown at this time whether the proposals would result in an increase or decrease of funds.

Officials from the **Department of Transportation** indicated the total estimated reduction in revenue on all state funds will be \$136 million for 2014, \$290 million for 2015, and \$298 million for 2016. Funds affected include the Road Fund, the Road Bond Fund, and

the Transportation Fund. The total estimated reduction in revenue on all local funds will be \$18 million for 2014, \$31 million for 2015, and \$31 million for 2016.

This IP makes several changes to Missouri's current state taxation laws. The IP will have a significant negative impact to MoDOT. MoDOT's aviation jet fuel sales and motor fuel tax revenues would remain the same and would remain frozen at their current rates. MoDOT would lose a significant portion of its state revenue stream from the redirection of motor vehicle sales taxes to the General Revenue Fund.

The loss of revenue from motor vehicle sales and use taxes would also impact cities and counties as they receive a portion of the motor vehicle sales and use tax revenue stream.

The department also has concerns that the Missouri Highways and Transportation Commission would likely face a downgrade of its rating as it relates to its \$3.3 billion of outstanding State Road Bonds due to such a significant change in revenue for the department.

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the division should it be approved by the voters.

They made the following comments:

To replace foregone revenues the General Assembly shall enact a law imposing a sales tax not to exceed 7%. Revenues from this sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Prop. C), which shall be held harmless.
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit.
3. An unspecified rebate program for low income families. Because no details of the program are given in the proposal, Budget and Planning (BAP) cannot determine the potential cost. Further, the spending program would be subject to appropriation, the uncertainty of which could negatively influence consumer behavior.

BAP notes the possibility exists that the General Assembly is unable to enact a new sales tax law by January 1, 2014. In this case, given the repeal of the other major taxes listed above, the state would be left with very little revenue.

Because the existing sales tax law is repealed, many if not most of the existing sales taxes for numerous political subdivisions, including counties, cities, public safety districts, transportation development districts, and others are potentially nullified. The proposal does not specify a direct mechanism to replace the sales tax base or local revenues, although this could be addressed when the General Assembly enacts the new sales tax

law required in Section 1(e). The DOR reports collections of \$2.298B in local sales tax revenues in FY 2010.

Calculating a Sales Tax Rate

The proposal calls for a 7% sales tax rate on a newly defined sales tax base. However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access. Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate.¹ Estimates from other groups, such as the Institute for Taxation and Economic Policy (ITEP) also suggest something greater than 11%.²

Estimating the Consumption Base

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US Department of Commerce Bureau of Economic Analysis (BEA's) national income and product account (NIPA) tables as reported by the BEA in December 2010,³ excluding items that are non-taxable under federal law or under the proposal. Also, BAP notes that the proposal's exemption for individual healthcare expenditures is broad and undefined until such time as the legislature defines it, so the actual health care exemption may be much different than the figure estimated below. Finally, BAP estimates the loss due to explicit avoidance activities, such as Internet purchases, traveling across state lines, or the purchase of used goods, as 10%; this figure is entirely arbitrary. Missouri expenditures are assumed to be 1.77% of national expenditures, based on Missouri portion of personal income in 2009 as reported by the BEA in December 2010.⁴ BAP estimates the consumption base to be \$89.719B as in Table 1. At the 7% rate codified in the proposal, this would generate a little over \$6.28B in revenues. However, if the General Assembly enacts a sales tax rate less than 7%, revenues would be reduced accordingly.

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal increases prices, via a new sales tax, for many products and services. These include but are not limited to food for home consumption, domestic utilities and telecommunications, rents, daycare providers, consumer

¹ http://www.showmeinstitute.org/docLib/20101215_income_taxes.pdf

² <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

³ <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>

⁴ <http://www.bea.gov/regional/spi/drill.cfm>

legal and financial services, realty services, repair services, and personal care services.

- According to US Census Bureau data, roughly two-thirds of Missouri's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families. This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$4.46 billion in state and local income taxes were deducted in tax year 2008.⁵ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,001.3
Net Used Motor Vehicles	2.4.5; 06	(104.1)
Motor Fuel	2.4.5; 36	(280.8)
Higher Education	2.4.5: 101	(145.5)
PK-12 Education	2.4.5: 102	(39.7)
Vocational Education	2.4.5: 103	(37.5)
Insurance Premiums	2.4.5: 90	(308.6)
Individual Healthcare	2.4.5: 60	(1,623.2)
Food Stamps (not taxable under federal law)	3.12: 021	(54.6)
Free checking & other financial services	2.4.5: 088	(271.2)
Rental Value of owner-occupied housing	2.4.5: 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5: 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5: 064	(45.1)
Foreign travel by US citizens	2.4.5: 109	(105.4)
Foreign travel into US	2.4.5: 110	124.5
US taxable base		5,639.3
MO share 1.77%:		99.816
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Assume 10% loss for avoidance, purchases of other used goods		(9.982)
Taxable Base		89.719
Revenues At 7% Rate		6,280,330,000

⁵ <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁶ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. Finally, the table includes the replacement of existing motor vehicle sales taxes, which are currently dedicated to highway usage but which would have to be replaced in order to hold those funds harmless.

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of nearly \$1.02B when compared to revenue collections in FY 2010, the second year of revenues severely depressed by the national recession. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Further, this calculation does not take into account any spending needed to administer the rebate program described in section 1(i). To offset each additional \$897 million in spending, the sales tax rate would have to be raised 1%, according to the sales tax base calculated above.

Finally, this calculation does not take into account the potential need to replace \$2.298B in local sales tax revenues. An additional sales tax of 2.561% would be necessary.

Table 2.

Sources by Fiscal Year	2010
Individual Taxes	5,495,341,696
Individual Refunds	(1,050,238,448)
Property Tax Credit Refunds	(118,594,589)
Corporate Income Taxes	408,935,797
Corporate Income Refunds	(214,417,694)
GR Sales and Use Taxes	1,790,181,504
Sales Tax Refunds	(59,962,469)
SDTF General Taxes	704,439,710
SDTF Vehicle Taxes	28,304,001
Motor Vehicles Sales Taxes	193,298,505
Total	7,177,288,012
Circuit Breaker Replacement Program	118,594,589
Revenues to Be Replaced	7,295,882,601
Needed Rate:	8.132%

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2011.

⁶ Revenues are as reported in the DOR Annual Financial Reports, and the SAMII Data Warehouse.

FY 2011 General Revenue Budget (\$M)	
Foundation Formula	2,342
K-12 Transportation	84
Higher Ed Institutions	797
Scholarships	81
State Employee Health Care Plan	260
DMH/DHSS Community Programs	492
Medicaid	1,536
Corrections	593
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	348

Other Impacts

BAP indicated this proposal eliminates all of the tax credit incentive programs in the state. The proposal prohibits the issuance of income tax credits after 12/31/13, and prohibits the redemption of previously issued tax credits after 6/30/16. This would persuade current holders of tax credits who would have otherwise redeemed their credits after 6/30/16 to claim redemptions in an earlier fiscal year. BAP believes this would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system that is already inadequately funded by the 7% sales tax. Additionally, the state could not honor existing agreements for “streaming” tax credits authorized to be issued after 2013, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection and the complicated sales tax rebate system, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. BAP notes that this proposal directs all sales taxes to the general fund. Thus, this would supersede existing provisions in Article IV, Sec 30(b), which direct MV sales taxes to highway functions. While the sales tax rate on new vehicles would increase, the rate would be zero on used vehicles. This would create a strong incentive for consumers to forego purchases of new vehicles, which would

further adversely impact funding for road construction and maintenance. MODOT can provide a fuller discussion of such issues.

Other proposals

BAP indicated this response related to initiative petition 11-15.

BAP said the initiative petition requests 11-16 through 11-23 are similar in nature to 11-15, with variances in the technical aspects of the bills. These changes would alter the calculations above to some degree, but the main conclusions remain the same.

All proposals except 11-15 repeal only taxes on individual earnings, leaving corporate taxes intact.

Proposal 11-21 repeals the corporate franchise tax.

Proposal 11-22 provides a phased-in change to the tax system in two increments, while proposal 11-23 provides three increments.

Regarding education exemptions, proposal 11-16 does not exempt higher education, while proposal 11-17 exempts only higher education.

Proposal 11-18 omits the phrase “as provided by law” from the healthcare exemption.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Rockwood R-VI School District** indicated the district does not anticipate any increase in cost or savings as a result of this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

James R. Moody provided information as an opponent of this initiative petition.

Mr. Moody said he was retained by Missourians Against Higher Sales Taxes to provide a fiscal analysis of the proposed constitutional amendments that the State Auditor received regarding repealing the state income tax and other taxes and replacing them with a greatly expanded consumption tax.

Because the proponents have submitted nine separate petitions that are similar in most aspects, he said he is submitting this information as a single letter that is identical in addressing each of the nine petitions.

He said he will begin the analysis with some words of caution for the State Auditor, and suggestions for the questions that should be asked in every phase of the analysis. He said he believes that a sound analysis by the State Auditor's office will reach the conclusion that he has reached—that is, all of these petitions are fiscally untenable. They will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.

Part 1—Background and Overview

Beware Baiting and Switching

He provided the following overall comments:

As will be explained in the analysis below, proponents of the increased consumption tax have been using calculations that are simply wrong on their face. They have all

calculated a rate that is too low in determining the real consumption tax rate, primarily because they have overstated the taxable base subject to the increased consumption tax.

As the current proponents who submitted the initiative petitions have recognized that their assumed tax base has been too high, the proponents have recently began to put exemptions from the increased consumption tax into their proposals. This is either because the items cannot be taxed under federal law, or they view that their taxation would be electorally unpopular. The simple math is that exemptions from taxation lower the taxable base. The more tax exemptions assumed, the lower the tax base, and the higher the tax rate has to be. If the goal truly is to do this new tax in a way that replaces existing taxes, the higher tax rate has major ramifications to those taxed, particularly the lower and middle income classes.

The proponents deal with this phenomenon by either capping the tax rate at 7% (whether or not that generates adequate tax revenue to replace current tax revenues), and/or suggesting a “prebate”, although none of the proposals provide any funding for it.

The proponents would leave you to believe that you can have a reduced tax base, a relatively low and capped tax rate, and a prebate fully funded. That notion, however, is a pure fantasy, and a basic “bait and switch” tactic. The “bait and switch” would attempt to make you believe that these three components are not absolutely inter-related. The 7% cap is a gimmick to get around the significant problems with these initiative petitions.

Things To Consider In Developing The Fiscal Statement

He suggested the following items be considered as key aspects in the fiscal analysis:

- What goods and services are taxed;
- What is the rate applied to those goods and services that are taxed;
- Is there a “prebate”, and if so how much is it and who gets it;
- If the prebate is not given to every citizen, does the structure create “tax cliffs” and disadvantage the middle class;
- What exemptions are granted from the increased consumption tax;
- What happens if the calculations are wrong, both in the short term and the longer term?

He said as this work discusses the history of this proposal and the various attempts by consumption tax advocates at quantifying the fiscal impact in the past, please note that there are a number of significant variances between: 1) past legislative proposals to submit the expanded consumption tax to a vote of the people, and 2) what is contained in the initiative petitions that have been submitted to the Secretary of State. These include:

- Past proposals have envisioned the replacement of the individual income tax, the corporate income and franchise taxes, and the existing sales tax to be essentially revenue neutral. In the legislative proposals, there was a commission established to review the adequacy of the 5.11% calculation (he said his analysis will show that rate was inadequate) and to reset the rate if necessary. The proposed initiatives cap the

consumption tax at 7%, which is inadequate to replace the foregone revenues and provide funding for a prebate. The proposed initiatives do not pretend to be revenue neutral, nor to provide for any recalculation of the rate.

- The FairTax Book and the proponents of an expanded consumption tax have in the past called for a “prebate” (discuss below) to protect the poor and the middle class from this extremely regressive tax structure. While the initiatives call for the General Assembly to establish a prebate by law, there is no money set aside for this prebate with the 7% cap on the increased consumption tax. According to the Show-Me Institute, the prebate will cost at least \$2 billion.
- Article X, Section 18(e) calls for a vote of the people to raise taxes by more than approximately \$90 million. Therefore, to fund the prebate (if not funded by the current initiatives) would require the passage of a constitutional amendment by a statewide vote of the people to increase the consumption tax by about 3%.
If any of the initiatives submitted through these proposals is adopted by the voters, since there is no possible way to fund a prebate without another constitutional amendment, the tax burden will fall disproportionately on the lower-income and middle class population of the state.
- The legislative bills previously introduced called for an undefined exclusion from the consumption tax on services of “business to business transactions”. The initiative petitions contain no such exclusions, which means that all services will be subject to the expanded consumption tax. These proposals would tax the services of lawyers, doctors, accountants, architects, consultants, advertising agencies, and interior designers at the greater than 12% rate (explained below), as well as also taxing rents, food, utilities, telecommunications, print and video advertising, day care, beauty care and other similar services.
- Because Missouri borders eight other states, those providing services or consuming services will simply move across the border, or go across the border to sell or purchase goods or services that they desire to consume at a lower tax rate. No fiscal impact statement can be complete without including an estimate of these adverse impacts.
Rather than create some great economic movement in Missouri, the passage of any of these initiative petitions will out-migrate Missouri talent providing services and shift Missouri purchases to other states.
- A Show-Me Institute study shows that the increased economic activity generated by having a consumption tax instead of income taxes would take a generation to occur (if it does), and in the shorter term may result in a loss of economic activity.

He said in order to assist the analysis, he will provide his view of the “prebate” concept from the FairTax Book, discuss prior efforts at broadening the consumption tax that have been introduced in the Missouri General Assembly, and the calculation errors that existed in prior calculations by the proponents.

The Importance of the Prebate to the Consumption Tax Discussion

It is generally recognized that sales taxes tend to be regressive—that is, they place more of the relative tax burden on those at the lower and middle-income level, who spend a higher percentage of their income on items that are subject to sales tax.

A consumption tax that broadens the definition of the goods and services that are subject to a sales tax arguably is even more regressive, as the broadened base would include areas where poor and middle-class families and individuals spend most of their money. Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care. Low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax.

In response to the concern that an expanded consumption tax is regressive, the authors of the FairTax Book, Neil Boortz and John Linder, developed the concept of a payment received by all citizens to alleviate the regressive nature of the expanded consumption tax. This payment, which would be made at the beginning of each month, is called a “prebate”.

The prebate is important to this discussion for two reasons. The first is that the expanded consumption tax is incredibly regressive without this payment. The second is that the prebate adds to the cost of this proposal dramatically if it in fact is paid to all citizens and accounted for in the fiscal analysis. The FairTax Book envisioned that the prebate would be given to every citizen; the Joseph Haslag/Abhi Sivasailam calculation of the prebate referenced herein assumed the same.

He said please note that while he disagrees with Ms. Wahby’s calculation, as outlined below, she also did attempt to take the prebate into consideration in her calculation.

Boortz/Linder on the Prebate

He said while he understands the potentially devastating effects of an increased consumption tax on the poor, the lower income class and middle class working people, the concept of the necessity of a prebate (upfront monthly payment to all citizens to offset the impact on lower and middle income citizens) to address that problem was contained in the original The FairTax Book, authored by Neil Boortz and John Linder.

Here are some excerpts discussing the prebate from the FairTax Book:

“The folks who wrote the FairTax plan knew that burdening the poor with a 23 percent retail sales tax would doom the plan from the outset...its creators ensured that no one should ever have to pay the sales tax on the basic necessities of life. That’s why the prebate—the monthly check on all basic household necessities—was invented.

The size of the monthly prebate payment will be based on the government’s published poverty levels for various-sized households. The number is updated every year to keep up with inflation, so the work of calculating the size of the prebate is already done. Here’s an example of how the prebate payments would work in 2005.

Let's say your household consists of a married couple with two children. The FairTax Act sets forth a formula for computing the poverty level, based on government figures, which negates any marriage penalty. Under the FairTax Act, in 2005 your household would be granted an annual consumption allowance of \$25,660. This is the amount the government estimates you would spend during that one year to buy the necessities of life for your family. The sales tax on this amount would equal \$5,902. The government would rebate this amount to you in twelve equal monthly installments of just under \$492.

Now, it's clear that low-income Americans will be better off, much better off, under the Fair Tax Plan. They would have their income and payroll taxes abolished; they would receive their whole paycheck with no federal withholding; they would have the 22 percent tax costs that are currently embedded in everything they buy eliminated; and they would receive a payment each month to guarantee they could spend all of their money up to the poverty level and not lose one penny to taxes. Wow....

Now... bear in mind, the prebate isn't just for the poor. It's paid to everyone, rich and poor alike. The purpose here is to make sure that no American has to pay the FairTax on the basic necessities of life. Unlike the present income tax system, the FairTax treats each and every person in this country exactly the same."

Part 2--Prior Legislation and Consumption Tax Calculations

2009 Legislative Session—HJR 36 filed by Representative Ed Emery

House Joint Resolution 36 was introduced in the 2009 General Assembly by Representative Ed Emery. HJR 36 would have repealed the Missouri individual income tax, the corporate income tax, the corporate franchise tax, the bank franchise tax, and all existing state sales and use taxes, and would have replaced them with a broadened tax upon "all sales, use, or consumption of all new tangible personal property, rental property, or taxable services".

Under HJR 36, the rate of the tax is set at 5.11%. In the fiscal note, the Oversight Division notes that "Officials from the University of Missouri, Economic and Policy Analysis and Research Center (EPARC) assumed a previous version of the proposal would if enacted...taxes would be replaced with a state sales tax rate of 5.11%."

Upon reading the fiscal note, it would appear to the uninformed reader that someone in Missouri actually did a calculation that verified the 5.11% as a correct number for replacing these taxes. Further investigation tells us that was not in fact the case, and that the 5.11% was not adequate to replace all of the repealed taxes.

The 5.11% is a calculation prepared by Karen Wahby of Americans for Fair Taxation, based upon a prior study of the Fair Tax by the Beacon Hill Institute at Suffolk University in Suffolk, Massachusetts. (A copy of her original calculations attached). Her calculation to reach the 5.11% is as follows:

	(in millions)
Private Consumption	\$168,862
Federal Government Consumption	\$16,285
State Government Consumption	\$17,174
Total Consumption	\$202,321
less Prebate base (poverty level spending)	-\$42,931
plus nontaxable government spending adjustment	\$3,799
Total Mo Fair Tax Base	\$163,189
Fair Tax Base Excluding govt consumption (Line 2)	\$146,904
Revenues to be replaced	\$7,142

Tax Rates

Rate to replace revenues in line 11	4.58%
Rate to replace revenues in Line 11 excluding federal government consumption	5.11%

He said there are a number of problems with this calculation. Since this calculation was performed in January 2009, it is assumed that Ms. Wahby was utilizing the most recent revenues from Fiscal Year 2008 as the replacement number. However, the actual revenues that would need to be replaced are:

	<u>NetRcpts</u> <u>FY2008</u> (in millions)
Individual Income tax	\$5,210
Sales tax (general revenue)	\$1,931
Sales tax (1.225% non GR)	\$955
Corporate income and franchise taxes	\$459
Total	\$8,555

In essence when Ms. Wahby solved for the FairTax rate at 5.11% she solved for the wrong revenue number. She only solved for \$7.142 billion when she should have solved for \$8.555 billion. He said please note that his numbers include the 1/8% conservation tax and the 1/10% park and soils sales tax. The Wahby calculation also does not take into account that there are items in the consumption base that cannot be taxed.

He said hence there was never a basis for the legislation that would have set the proposed consumption tax rate at 5.11%. It was an incorrect calculation that was validated in the fiscal note; the fiscal note was simply incorrect, and the 5.11% proposed rate was dramatically too low.

He said even though this calculation was simply wrong, it has become institutionalized in legislative proposals, including a bill recently introduced in the 2011 legislative session.

What Does The Prebate Cost?--The Show Me Institute Calculation of the Prebate

There have been varying estimates of the cost of the prebate in Missouri. The Missouri Budget Project calculated that the cost of the prebate would exceed \$3 billion. For the purpose of his analysis he said he will utilize the estimates of the prebate cost that were developed by Joseph Haslag and Abhi Sivasaliyam in a paper published by the Show-Me Institute on October 13, 2009 that was written in rebuttal of the \$3 billion calculation by the Missouri Budget Project.

Here is the calculation outlined in the paper by Haslag and Sivasaliyam:

“We estimate the number of families qualified for the rebate to be 2,626,800—the number of resident filers for Missouri’s individual income tax, as of 2007. Dividing Missouri’s population by the number of resident filers yields an average family size of 2.2. The federal poverty threshold approximation associated with a family of 2.2 is \$15,393, which—when multiplied by the sales tax rate—amounts to an average rebate value of \$786.58. Multiplying the rebate value by the number of rebates, we estimate the total cost of the rebate to be \$2,066,167,540.”

This paper also stated that, utilizing this prebate figure, the consumption tax would be 5.79%, as noted in further discussion below.

He provided comments on the prebate at this level:

- Exemptions from the taxable base raise the required tax rate. If the 5.79% rate goes higher due to exemptions from the tax base, the prebate rate needs to be higher. As the tax burden increases (due to exemptions), the payment to offset the impact of the increased tax rate also needs to increase, or lower income and middle-income citizens are disproportionately impacted.
- This prebate calculation by Haslag and Sivasaliyam does not address any local sales taxes. The proposed constitutional amendment requires local sales taxes to be adjusted to tax the same things as the increased consumption tax, and to adjust their rates accordingly. So the poor and working lower and middle class income citizens would have no prebate to offset the broadened base for local taxes.

The 2010 Legislative Session—HJR 56, HJR 71, SJR 29, SJR 36

In the 2010 General Assembly there were a number of bills similar to HJR 36 from the 2009 session that were introduced that called for an expanded consumption tax. These measures included HJR 56, introduced by Representative Ed Emery; HJR 71, introduced by Representative Andrew Koenig; SJR 29, introduced by Senator Chuck Purgason; and SJR 37, introduced by Senator Luann Ridgeway.

He said all of these measures continued to reference a tax rate of 5.11%, even though this number was clearly in error since its inception in the Karen Wahby calculation.

He said for the first time, one of the fiscal notes references the possibility that 5.11% is an incorrect number. The fiscal note states,

“..data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents and investment is difficult to access. What little literature is available on this subject suggests this rate is likely too low. For instance, the Show-Me Institute has calculated the rate to be 5.79%. Estimates from other groups, such as the Institute for Taxation and Economic Policy, range higher, as much as 12% or more. Assuming a 5.79% rate is correct, this proposal would be short of revenue neutrality by nearly 11.74%. Estimating lost individual income, sales tax, and corporate revenues at a very high \$7.1 B, this leads to a revenue shortfall of \$834 M.”

The Show-Me Institute’s 5.79% Calculation

The calculation of the consumption tax rate at 5.79% comes from a paper dated October 13, 2009 that was published by the Show-Me Institute. The paper was written by Joseph Haslag and Abhi Sivasailam.

Here is their calculation of the 5.79% rate. The paper states:

“The sum of the new government revenue necessary to replace the individual income, corporate income, and sales taxes is \$7,117,761,408 in fiscal 2009, according to the Department of Revenue. Further, the cost of the rebate program is \$2,066,167,540. Dividing this by personal consumption of \$158,531,333,333, we arrive at a revenue-neutral sales tax rate of 5.79 percent”.

Please note that the \$7,117,761,408 only accounts for the 3% general fund sales, and not the additional 1.225% that goes into earmarked funds.

He said the other major assumption is that the \$158 billion in personal consumption will all be subject to the increased consumption tax to make the rate 5.79%. Clearly there are items in the \$158 billion, as noted blow, that cannot be taxed.

Response by the Institute on Taxation and Economic Policy

In analyzing and critiquing the 5.79% calculation, the Institute on Taxation and Economic Policy (ITEP) notes that the personal consumption number of \$158 billion includes many expenditures that are either exempt from the increased consumption tax under the proposal (expenditures for higher education, for example) and other expenditures that arguably cannot be taxed under federal law (health care spending by the government, rental value of owner occupied housing, food stamps, spending by charities on behalf of individuals, interstate transportation, foreign travel).

This leads to the central question noted earlier in determining what is the correct consumption tax rate: 1) what is the base to be taxed, 2) what is the prebate, and 3) what is exempt from the consumption tax?

These are all factors that are necessary to determine what the correct tax rate is.

The United For Missouri Calculations

One of the proponents of the initiative petitions that have been filed is a group called United for Missouri, which is headed by former State Representative Carl Bearden. In a PowerPoint presented at the Associated Industries of Missouri (AIM) conference in the fall of 2010, Carl Bearden of United for Missouri showed a calculation of an increased consumption tax that would be capped at 7%.

The assumptions made by Bearden in his calculation are similar to many of the assumptions contained in the initiative petitions, and include:

- A rate capped at 7%.
- In order to replace the 3% general fund sales tax and the 1% Proposition C sales tax, the rate would have to be 6.75%.
- The 6.75% does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax; an additional .15% sales tax is required to replace them.
- This brings the rate to 6.9% (assuming their calculations are correct, which he said he is not conceding). The cap is 7% and the 6.9%, if correct, leaves virtually no funding for the prebate. So while the Bearden presentation calls for a prebate, he has already utilized all of the new consumption tax to replace current state revenues.
- If the Bearden calculation is incorrect, there is no review allowed or required to re-establish the rate. The state simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.

The Bearden calculation is as follows:

Missouri Personal Consumption Expenditures. \$166 Billion

- ✓ Less imputed rents \$19.9B
- ✓ Less health care paid by government \$15.1B
- ✓ Less insurance and imputed financial services \$5.5B
- ✓ Less motor vehicles \$4.7B
- ✓ Less motor fuels \$6.3B
- ✓ Less education (K-12, higher ed, vocational) \$3.1B
- ✓ Less non-profit and religious services \$6.9B
- ✓ Less purchases of new homes \$6.9B
- ✓ Less misc other adjustments \$3.4B

Estimated Tax Base \$107.7 Billion

The tax base Bearden assumes above, and a 6.75% tax rate, creates tax receipts of \$7.27 billion.

The Bearden calculation also does not account for this major exemption listed in the initiative petitions:

- Healthcare services paid for by non-governmental entities for individuals, which are specifically excluded from taxation by these initiative petitions;

Please note that the Bearden calculation excludes only government-sponsored health care payments (Medicare and Medicaid), while the initiative petitions exclude all healthcare expenditures from the increased consumption tax, which is a huge difference.

According to the Missouri Tax Expenditure Report for 2009 (available on the Office of Administration, Division of Budget and Planning website) prepared by the Economic and Policy Analysis Research Center at the University of Missouri-Columbia, the *foregone state tax revenues (at 3%)* of not taxing healthcare, prescription drugs, and non-prescription drugs is:

Medical Care	\$994.0 million
Prescription Drugs	\$184.9 million
Non-Prescription Drugs	\$ 22.7 million

The initiative petitions also do not define a healthcare expenditure for an individual, which is a huge potential loophole. Are non-prescription drugs a healthcare expenditure? The same question would apply to therapeutic massage therapy, weight loss expenditures for services not delivered by a licensed medical practitioner, and residential expenditures for elderly care in an assisted living facility.

In any case, the Bearden calculation, which if correct required a tax rate of 6.75% to replace current revenues, did not exempt health care expenditures from the taxable base. At a 3% tax rate, this new exemption would cost about \$1.2 billion in state tax revenues, and the proposed increased consumption tax rate is over double the current tax rate.

He said this healthcare exemption clearly leaves the state dramatically short of replacing existing tax revenues, and the other remaining problem is that there is no funding available for a prebate under the initiative petitions.

Part 3—Other Problems With The Proposed Initiative Petitions

Gaming Revenues

He said neither the nine initiative petitions nor the Bearden calculation excludes gaming revenues from the taxable base. Gaming revenues are currently taxed at a rate of 21% of the gaming company's adjusted gross receipts; imposing an additional sales tax of more than 12% on the revenues from these operations would make their tax rate nearly one-third of their adjusted gross receipts.

In addition, gaming companies pay a fee of \$2.00 per every two hours for patrons utilizing their services. These fees would also be subject to the additional consumption tax.

The base for the increased consumption tax calculation should either exclude the gaming taxes from the increased consumption tax, or the fiscal note should reflect that gaming companies will be double taxed.

Local Franchise Agreements/Taxing Internet Services

Many telecommunications and video service providers currently operate in local communities through agreements that call for franchise fees. The increased consumption tax called for by these initiative petitions repeals all current sales tax exemptions, and also requires local governments to recalculate their local sales tax rates to comply with the new Missouri Constitution defined consumption tax. He said when this occurs, any business collecting and paying taxes through a local franchise fee or a similar tax characterized as a local use tax will have to layer on top of that the dramatically higher consumption tax.

Taxation of internet services are specifically prohibited by federal law. While the initiative petitions exempt from taxation those items exempted from taxation by federal law, it is unclear whether the petition advocates understood that these specific services are exempt and must be removed from the calculation.

Tax Credits

He said the proponents' proposals on tax credits are very confusing. They propose to bar the authorization or issuance of any tax credits that would be taken against any tax repealed by section 1(a) or 1 (b) of the initiative. The state income tax and corporate income tax are repealed by section 1(b).

The petitions further state that after June 30, 2016, no tax credits approved or redeemed against taxes repealed under section 1(a) or 1(b).

This second section would appear to allow credits to be taken against these taxes until June 30, 2016, even though the taxes against which they may be taken are repealed on December 31, 2013, and therefore there would be no tax liability against which to take them.

The Low Income Housing Tax Credit is a 10% credit taken over 10 years, and the project must be completed before the developer can begin receiving the credit. There are 10-year low-income housing tax credits already approved, within the current year and future years, where the project will be completed (thereby vesting and earning the credits) that will exceed both of these dates. He said apparently the intent of this proposal is to take those tax credits away from their owners without compensation.

When considering only low-income housing tax credits that are earned and vested by January 1, 2014, tax credit investors alone will lose in the hundreds of millions of dollars without compensation.

He said it is questionable whether the courts would allow this to happen. However, if the investors are paid by the state or allowed a credit against the consumption tax liability owed by a taxpayer, the initiative petitions run into the same problem as with other items discussed. All funds will have already been committed to other uses, and there will not be adequate funds to pay for these liabilities.

He said if funds are spent on tax credits after the passage of any of the initiative petitions, they take away from the available funds to replace current taxes, which are already inadequate to allow current state services to continue, as the analysis has shown.

Part 4—The “Economic Engine” Myth

He said proponents of the increased consumption tax laud the fact that replacing income taxes with consumption taxes will energize enormous economic growth. He suggested more research is needed, and in particular reference a publication by proponents of the increased consumption tax.

He suggested reading an article for the Show-Me Institute dated December 15, 2010 entitled Income Taxes vs. Sales Taxes: A Welfare Comparisons, written by Grant Casteel and Joseph Haslag.

Among the excerpts from the article he pointed out the following quotes:

“However, we also show that if people value current consumption enough relative to future consumption, they prefer the income tax regime to the sales tax regime.”

“When a sales tax policy is implemented, consumer spending declines.”

“After about a generation’s worth of time, people are happier under the sales tax policy than under the income tax policy.”

He said even by the proponents’ own statements, the short term impact of an increased consumption tax is that consumer spending declines, which will make tax revenues decline.

Part 5—What Is The Real Fiscal Impact Of These Proposals

What Is The Correct Calculation

He said the analysis shows that there are many factors that will impact the rate of the increased consumption tax if passed by the voters. Please note that while local sales tax

rates vary by city or county, the highest rates tend to be in the most populous areas, and therefore the majority of the citizens will pay at the very highest local rates.

He said the voters should know the correct tax rate before they vote on this radical and understudied concept. Here is the most reasonable calculation to use to show the proper rate if this proposal were to pass:

Tax Rate Required To Replace Current Taxes (with exemptions as provided in petitions)	9.00%
Tax Rate To Replace Conservation And Parks and Soils	.25%
Estimated Average Local Tax Rate With New Base	2.75%
Total Tax Rate For Expanded Consumption Tax (without prebate)	12.00%
Tax Rate To Provide For Prebate	3.00%
Total Tax Rate Providing for Prebate	15.00%

Suggested Ballot Language

He said he believes that all nine ballot petitions are fatally flawed. They do not generate adequate revenues to replace the current revenues they purport to replace, nor to provide for a prebate.

Although the initiative petitions call for the establishment of a prebate by law, there is no money available to fund the prebate at a number calculated by Joseph Haslag and Abhi Sivasailam (which would be too low because the tax rate will be higher than what they calculated). An additional constitutional amendment would have to be placed in front of the voters that would increase the consumption tax rate by approximately 3%.

He suggested the following fiscal note wording:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Marc H. Ellinger provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment to Article X of the Missouri Constitution, version 1a:

Executive Summary

Ellinger indicated he has submitted nine different and unique versions of a constitutional amendment to Article X. The analysis and review of any one version cannot be used as a template or, as Mr. Moody suggests, a carbon copy review of the other versions. The taxes repealed and the period of time of such repeal is different across the various petitions. This fact alone precludes a single letter or concept analysis of the fiscal impact of any version. Moreover, the exemptions from the new tax differ in the versions, further compounding the logical failure of any analysis seeking to review all of the versions together, including Moody's letter. This proposed statement of fiscal impact addresses only Version 1a, pursuant to Section 116.175, RSMo, and 15 CSR 40-5.010 (4) (C), (D), and (E).

Summary of Version 1a

- Repeals the individual income and corporate income tax (January 1, 2014);
- Repeals current sales and uses taxes (January 1, 2014);
- Preserves the Parks and Soils and Conservations Sales Tax as they currently exist;
- Requires the general assembly to impose and levy a tax on sales to individuals and services provided to individuals (January 1, 2014) at a rate not to exceed 7%;
- Specifically exempts sales and services which have previously been taxed; services rendered by an employee for an employer; intangible personal property held for investment purposes; sales of real property; sales of motor fuel; tuition and fees of elementary, secondary or higher education; insurance premiums and products; property and services used for agriculture; sales or services to or for the benefit of political subdivisions, businesses or charitable organizations; sales or services for the benefit of an individual's healthcare (as provided for by law); sales made through the use of federal food stamp coupons; sales under the supplemental feeding for women, infants and children program; sales exempted from state taxation under federal programs; non-proprietary sales or services performed by political subdivisions; sales which the state is prohibited from taxing; and any other sale or service exempted by the General Assembly;
- Requires the general assembly to provide a rebate or credit to be applied to the taxable purchases by low income individuals; and
- Allows county or political subdivision to broaden the base of existing taxes, licenses, or fees, with voter approval.

Proposed Statement of Fiscal Impact for Version 1a

The total cost or savings to state or local governmental entities is unknown. Most state governmental entities estimate no costs, however, some state governmental entities may have unquantified indirect costs. It is estimated this proposal will have no costs or savings to local governmental entities.

Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero in FY 2013 and unknown in FY 2014. The net effect on state funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on state funds in FY 2014 is unknown. While the individual income tax, current sales tax, and corporate income tax are repealed, the new sales tax generally replaces the lost revenue. The net effect on local funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on local funds in FY 2014 is also zero since political subdivisions are given an option to recalculate their tax rates and apply the new rate to an expanded base.

ESTIMATED NET EFFECT ON STATE FUNDS (in thousands)		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	unknown
Total Estimated Net Effect on All State Funds	\$0	unknown
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

The proposed amendment would neither establish a new program or agency nor duplicate an existing program or agency.

The proposed amendment is not a federal mandate.

No new program or agency is being created; therefore, there is no new program or agency that will have a direct fiscal impact on any political subdivision of the state.

No new physical facilities will be required by the proposed amendment.

The proposed amendment will have a positive economic impact on small businesses in FY 2014 and going forward. The few small businesses which file as C Corporations will not be subject to the current corporate income tax. Small business owners and S Corporations will no longer pay state income tax. Small businesses would be exempt from paying the replacement sales tax. The proposed amendment will result in a

significant positive economic impact on small businesses, and it is likely that at least some of the cost savings will be passed onto consumers.

Response to letter from Mr. James R. Moody

It is unclear whether the letter dated January 24, 2011 is in response to this specific proposed amendment or whether it is a general response to “Fair Tax” ideas. The letter consults numerous sources that are irrelevant and immaterial to the proposed amendment. 15 CSR 40-5.010 (4)(C) requires that the proposed statement of fiscal impact “be limited to the estimated fiscal impact of the proposed measure.” The letter also makes numerous misstatements about the contents and effect of the proposed amendment. This response serves to clarify what should be considered by the Auditor’s office in preparing the fiscal statement and to clarify the substance and effect of the proposed amendment.

Moody references a number of items which can be addressed first, generally. The numbers and analyses of past legislative proposals should be disregarded. Moody’s discussion of the substance of these proposals and their fiscal impact has no bearing on the proposed amendment. The proposed amendment is significantly different than any past legislation. Moody’s discussion of these proposals is irrelevant to the fiscal impact of the proposed amendment.

Moody also presents numbers and analyses from a book titled “Fair Tax,” a study by the Show-Me Institute, and reports from the Missouri Budget Project and United for Missouri. Moody’s discussion of these studies has no bearing on the proposed amendment. None of these studies were conducted on the proposed amendment or pertain directly to the provisions of the proposed amendment (as required by 15 CSR40-5.010(4)(C), (D), and (E)). The proposed amendment is not called the “fair tax” and the ideas and opinions in any fair tax books or made concerning prior fair tax proposals are not analyses of the fiscal impact of the proposed amendment before the Auditor. The Show-Me Institute study is not a study of our proposal. As the author, Joe Haslag, has stated, the study focused on a fictional model economy and was never meant to represent any version of tax reform under consideration. The study was published on December 15, 2010 and is not an analysis of the proposals that were filed on January 14, 2011. Moody’s discussion of the substance of any proposed tax schemes from these sources and their fiscal impact is irrelevant to the fiscal impact of the proposed amendment, and therefore Moody’s comments and discussion regarding these sources should be disregarded.

With respect to Moody’s more specific points, each of which will be addressed in the order presented, Moody makes several statements about the proposed amendment which are factually inaccurate. Moody also makes several assertions of fact and offers his own fiscal analysis, yet none of the assertions or any evidence or authority supports the numbers offered by Moody. Finally, much of the evidence actually tends to disprove the statements made by Moody.

Moody claims that the petitions “will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.” The proposed amendment will neither bankrupt the state nor the poor. Examples of other states with no income taxes demonstrate the feasibility of the proposed amendment. *See* Appendix A.

With respect to the cost of any “prebate,” Moody turns to a number of sources that are irrelevant to the proposed amendment, as discussed above. The proposed amendment requires the General Assembly to provide “a rebate or credit to be applied to the taxable purchases by low income individuals, as defined by the general assembly.” Version 1a, Section 1(i). The low income rebate or credit is mandated by the proposed amendment. While the size and scope of such a rebate or credit are subject to debate, the General Assembly is mandated to create such a system and thus protect the interests of low income individuals in Missouri. In addition, Moody claims that funding a prebate “would require the passage of a constitutional amendment” and that the “tax burden will fall disproportionately on the lower-income and middle class population of the state.” However, Moody provides no evidence of analysis to support his claims about the size of the rebate or the distribution of the taxes paid by income group relative to the proposed amendment.

Moody claims that the initiative petitions contain no exclusion for “business to business transactions.” This is factually inaccurate. The proposed amendment states that the “general assembly shall enact a law...imposing and levying a tax on all sales to individuals and on all services provided to individuals[.]” Version 1a, Section 1(e)(1). The proposed amendment also defines “Sales” as “any transfer exchange, or barter, conditional or otherwise, to an individual[.]” Version 1a, Section 1(g)(1). The proposed amendment defines “Services” as “all activities for the benefit, use or consumption of an individual[.]” Version 1a, Section 1(g)(2). Finally Section 1(f)(9) of Version 1a specifically exempts business to business transactions. That section reads, in part, “Sales or services to or for the benefit of...a business...and the sale of service is in furtherance of the purpose of...a business[.]” Moody’s statement that there is no exclusion for “business to business transactions” is simply wrong.

Moody suggests that the proposed amendment “will out-migrate Missouri talent providing services and shift Missouri purchases to other states.” While some individuals may choose to purchase goods elsewhere near the border because of lower sales taxes in neighboring states, this impact shall be offset by individuals who chose to move into the state of Missouri because of lower income taxes (0%) and lower costs of doing business (0% sales tax on business to business transactions). It is impossible to accurately estimate the net impact on individual behavior. However, the experience of other states shows that states with no income tax have experienced more rapid population growth than states with an income tax. There is no evidence that a broad consumption tax leads to an exodus of individuals from a state. *See* Appendix B.

Moody makes the claim that “it is generally recognized that sales taxes tend to be regressive” but provides no authority for such claim, nor does he provide any authority or evidence that the tax under the proposed amendment would “tend to be regressive.”

Moody alleges that low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax. Moody fails to recognize that under the proposed amendment, the Medicaid benefits, supplemental nutrition program benefits and a multitude of services from not-for-profit and religious organizations received by low-income individuals are all exempt from the sales tax under the proposed amendment. See, e.g., Version 1a, Section 1(f)(9)-(13), (15). Furthermore, the general assembly may choose to exempt other sales or services under Section 1(f)(16).

Moody utilizes “United for Missouri” calculations, and points out that the rate of tax estimated by United for Missouri “does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax.” He states that “an additional .15% sales tax is required to replace them.” The proposed amendment does not repeal the conservation sales tax or the parks and soils sales tax. See Version 1a, Section 1(d) (“All laws imposing sales and use taxes, and exemptions thereto...are repealed...except any taxes imposed by Article IV, Sections 43(a) and 47(a) or any taxes provided for by Article IV, Section 30(a)[.]”). Thus any calculation suggesting these taxes need to be “replaced” is inherently flawed.

Moody suggests that under the proposed amendment “[t]he State simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.” However, as the fiscal analysis of the proposed amendment above demonstrates, the fiscal impact in FY 2013 zero and in FY 2014 is unknown.

Moody claims that “United for Missouri’s” calculations are flawed because they do not account for “the major exemption” of healthcare services. Version 1a, Section 1(f)(10) exempts “Sales or services for the benefit of any individual’s healthcare as may be provided by law.” Therefore, healthcare services paid for by non-governmental entities for individuals are included in the tax base of the proposed amendment. Healthcare sales or services may be exempted by the General Assembly, as provided by law. Moody himself states that healthcare would be taxed on page 4 of his remarks. (“*Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care.*”)

Moody states that the proposed amendment does not exclude “gaming revenues” from the taxable base. Moody is correct that gaming revenues are currently taxed at a rate of 21%. Section 313.822, RSMo, provides “A tax is imposed on the adjusted gross receipts received from gambling games authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent.” The tax in the proposed amendment is not on “adjusted gross receipts” but rather, is “on all sales to individuals and on all services provided to individuals[.]” Version 1a, Section 1(e)(1). Gaming revenues and the admission fee are neither sales to individuals nor services provided to individuals and are thus not included in the taxable base under the proposed amendment.

Moody also states that the proposed amendment “requires local government to recalculate their local sales tax rates[.]” This is simply untrue. Version 1a, Section

1(j)(1) states “Effective January 1, 2014, any county or political subdivision may broaden the base of an existing tax, license or fee, only with the approval of the majority of the qualified voters[.]”

Moody also takes issue with the tax credit provisions of the proposed amendments, stating that tax credit investors will lose hundreds of millions of dollars without compensation. Version 1a, Section 1(a)(3), provides that the general assembly shall not have the power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied to the individual income tax, corporate income tax, or sales tax except as provided in the proposed amendment. Section 1(c) provides that no tax credits shall be authorized or issued after 2013 to be applied to the individual or corporate income tax. Section 1(c) also provides that any tax credits authorized or issued prior to 2013 can be approved or redeemed (and applied to individual or corporate income taxes) until June 30, 2016. Even after 2016, tax credits can be applied against other taxes, including: the corporate franchise tax, the bank tax, the insurance premium tax, the other financial institutions tax, the express companies tax. Specifically, those with low income housing tax credits can redeem (or sell such credits to others who can redeem) such credits against the corporate franchise tax, the financial institution tax, and the insurance company premium tax. Furthermore, nothing in this measure if passed would restrict the ability of the General Assembly as provided by law from offering the current equivalent of such benefits, in a form other than tax credits, directly by general law.

Moody suggests that the proposed amendment relies on an “economic engine” myth. However, our fiscal analysis assumes no dynamic effect on GDP growth. When projecting the state GDP we rely on national GDP estimates from the CBO. Since both our tax base projections and the projections of revenues eliminated by our measure are driven by the size of the future state GDP, our fiscal impact notes are in effect immunized to varying assumptions about changes in GDP. There is however evidence that over long periods of time, states with no income tax experience faster economic growth. *See* Appendix A.

Moody suggests that “increased consumption tax” will decrease consumer spending. Again, he offers no evidence or authority for this claim. It is possible to theorize that raising taxes on consumption would decrease consumption. However, it is also important to recognize that by our estimates, the proposed amendment adds \$5.7 billion (2014) dollars of what would normally be collected as individual income tax into the pockets of Missouri consumers. This additional spending power should translate into additional consumption offsetting potential declines from imposing a broad consumption tax.

Finally, Moody offers the “Real Fiscal Impact” of the proposed amendment. His analysis is flawed. First, the Conservation and Parks and Soils Taxes are not repealed by the proposed amendment. Second, local municipalities are not required to recalculate their tax rates. He suggests that a tax rate of 9% will be required to replace current taxes, yet offers no explanation or evidence for how that rate was calculated. None of the no-income tax states in the United States have a sales tax rate that exceeds 7%. *See* Appendix A.

Finally Moody suggests the following fiscal impact statement:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Moody has not demonstrated that seven percent is inadequate to replace current state revenues. He has not demonstrated a shifting tax burden. His argument about tax credits is inaccurate as explained above. Similarly, his explanation of the taxable base contains factual inaccuracies. Section 116.174.3, RSMo, requires that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities. The fiscal note summary shall contain no more than fifty words, excluding articles, which shall summarize the fiscal note in language neither argumentative nor likely to create prejudice either for or against the proposed measure." Moody's proposed summary does not state the measure's estimated cost or savings. The language is not only argumentative and likely to create prejudice, but is also factually inaccurate and should be wholly rejected by the Auditor.

Appendix A – No income tax states

All Data for Fiscal Year 2008, numbers in thousands

State	General Sales Tax Rate	State Taxes	General Sales Tax	Motor fuel, alcohol, tobacco, utility and other sales taxes (gaming etc.)	% from General Sales	% from Selective Sales	% from All Sales Taxes
Alaska	0.00%	8,424,714	-	279,569	0.0%	3.3%	3.3%
Alaska derives the majority of state revenue comes from oil royalties							
Florida	6.00%	35,849,998	21,518,100	7,778,923	60.0%	21.7%	81.7%
New Hampshire	0.00%	2,251,179	-	792,947	0.0%	35.2%	35.2%
New Hampshire derives significant revenues from corporate income taxes and state property taxes							
Nevada	6.90%	6,115,585	3,077,433	1,853,019	50.3%	30.3%	80.6%
Nevada derives significant (\$1.3 b) revenues from gaming taxes							
South Dakota	4.00%	1,321,368	732,438	339,814	55.4%	25.7%	81.1%
Tennessee	7.00%	11,538,430	6,832,948	1,779,434	59.2%	15.4%	74.6%
Texas	6.25%	44,675,953	21,668,972	11,696,220	48.5%	26.2%	74.7%
Washington	6.50%	17,959,833	11,344,622	3,056,046	63.2%	17.0%	80.2%
Wyoming	4.00%	2,404,843	981,198	134,663	40.8%	5.6%	46.4%
Wyoming derives significant (\$0.95b) revenues from mineral rights							
Missouri	4.225%	10,965,171	3,228,274	1,542,357	29.4%	14.1%	43.5%

Sources: <http://www2.census.gov/govs/estimate/08slsstab1a.xls> , <http://www2.census.gov/govs/estimate/08slsstab1b.xls> , http://dor.myflorida.com/dor/taxes/sales_tax.html , <http://tax.state.nv.us/pubs.htm> , <http://www.state.sd.us/drr2/businesstax/st/salestax.htm> , <http://www.window.state.tx.us/taxinfo/sales/> , http://dor.wa.gov/docs/forms/Excstx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf , <http://revenue.state.wy.us/portal/vbvs/desktopdefault.aspx?tabindex=3&tabid=10>

Appendix B – Population Change in No Income Tax States

Territory	2000 Population	2009 Population	Population Growth	Faster (Slower) than United States Average
Alaska	626,932	698,473	11.41%	2.32%
Florida	15,982,378	18,537,969	15.99%	6.90%
Nevada	1,998,257	2,643,085	32.27%	23.18%
New Hampshire	1,235,786	1,324,575	7.18%	(1.91%)
South Dakota	754,844	812,383	7.62%	(1.47%)
Tennessee	5,689,283	6,296,254	10.67%	1.58%
Texas	20,851,820	24,782,302	18.85%	9.76%
Washington	5,894,121	6,664,195	13.07%	3.97%
Wyoming	493,782	544,270	10.22%	1.13%
United States	281,421,906	307,006,550	9.09%	
No-income-tax state average			14.37%	5.28%
No-income-tax state weighted-average			16.40%	7.30%
Missouri	5,595,211	5,987,580	7.01%	(2.08%)

Notes: 2009, July estimate

Sources: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-PH1&-ds_name=DEC_2000_SF1_U&-format=US-9, http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-T1-R&-ds_name=PEP_2009_EST&-redoLog=false&-format=US-40S&-mt_name=DEC_2000_SF1_U_GCTPH1_US9

The **State Auditor's office** summarizes the comments provided as follows:

It is the duty of the State Auditor to provide fair, unbiased fiscal notes and summaries for initiative petitions, estimating the fiscal impact of the initiative, and the office takes this responsibility seriously. But, it is also the office's responsibility to inform the voters when initiatives are so broad that the fiscal impact cannot reasonably be predicted. That is the case with this petition.

To assist in drafting the fiscal note and summary, the office received input from 22 public entities, and Mr. Marc H. Ellinger and Mr. James R. Moody provided information as a proponent and opponent of the proposals, respectively. The cost and savings estimates ranged from an unknown or no fiscal impact to a projected state budget shortfall in excess of \$1.02 billion.

The petition is dependent upon undefined variables related to legislative actions required and changes in consumer spending, none of which can be predicted at this time. Some of the legislative actions include, but are not limited to:

- The legislature must establish the specific sales tax rate, up to seven percent.
- The legislature must define "low income" for the purpose of issuing rebates, credits or prebates.
- The legislature must determine how to address tax credits in the event tax credits can no longer be redeemed.
- The legislature must determine what healthcare costs, if any, will be exempt from taxation.
- The legislature must establish a method for calculating and providing sales tax rebates, credits or prebates.
- The legislature must determine what additional tax exemptions, if any, will exist.
- The legislature must determine if senior citizens and the disabled are to continue receiving certain tax credits.
- The legislature must determine whether to collect delinquent taxes and pay tax refunds.

In addition to the legislative uncertainties, both proponents and opponents make wide-ranging assumptions regarding consumer spending which are not verifiable. Some of the unanswered questions regarding consumer spending include, but are not limited to:

- Whether the elimination of a state income tax will cause people to move into Missouri with a corresponding increase in the tax base.

- Whether the implementation of a "consumption tax" will lead citizens to move out of Missouri.
- Whether citizens living near a bordering state will avoid the sales tax by shopping across state lines if the bordering state has a lower sales tax.
- Whether Missourians will avoid the sales tax by buying more used items instead of new items.
- Whether Missourians will avoid the sales tax by shopping online instead of in state.
- Whether service providers will establish locations outside of Missouri to avoid a sales tax on services.

While the office discounts the dire predictions of state bankruptcy, predictions of little or no fiscal impact on the state are also difficult to support. While quantifying risks where possible is preferred, for the foregoing reasons, it would be inappropriate for the office to attempt to prospectively quantify the effects of this broad initiative.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Fiscal Note Summary

The total cost, savings, and/or change in tax revenue to state and local governmental entities cannot be determined. The proposal (1) requires a range of legislative action with unknown outcomes, and (2) will result in changes to consumer spending patterns that cannot be presently quantified.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-16)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received January 18, 2011)

Date

February 7, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

James R. Moody provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated that elimination of tax credits would have a negative impact on revenue for the Missouri Agricultural and Small Business Development Authority (MASBDA). Average annual revenues for the last four years (FY07-FY10) were \$286,135 per year. Therefore, it appears that MASBDA would realize \$143,070 in reduced revenues in FY 14. Reduced revenues in FY 15 and thereafter are estimated to equal \$286,135 per year.

Officials from the **Department of Economic Development** indicated they have reviewed Initiative Petitions 11-16, 11-17, 11-18, 11-19, 11-20, 11-22, and 11-23. Because there is no material difference among these proposals (hereinafter “this proposal”) as pertinent to the Department of Economic Development, we are submitting this combined memorandum. This proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual and eliminates the power of the General Assembly to enact such taxes, effective January 1, 2014. The repealed taxes are to be replaced with a sale and use tax of up to seven percent imposed on the purchase of goods and services by consumers, subject to a number of exemptions enacted in place of all current sales tax exemptions.

As impacts the Department of Economic Development, this proposal would eliminate the General Assembly’s power to authorize the issuance, approval or redemption of any tax credits to be applied against the taxes repealed by the proposal, which, as relevant to tax credits and other tax-based incentive programs, includes personal income and withholding taxes. This proposal further provides that no tax credits shall be authorized or issued to be applied to the repealed taxes after December 31, 2013. After June 30, 2016, no tax credits authorized by the General Assembly to be applied to any of the repealed taxes issued on or before December 31, 2013 shall be approved or redeemed. The department assumes that tax credits could continue to be redeemed against the remaining applicable taxes types, including the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes, which would remain intact under this proposal because they are not “measured by income or earnings of an individual.”¹

Finally, this proposal would repeal and prohibit the General Assembly from enacting any law authorizing any county or other political subdivision to impose a tax measured by

¹ This is in contrast to IP 11-15, which, as applicable to the taxes against which tax credits typically may be redeemed, leaves intact only the insurance premium tax.

earnings or income, unless the tax was imposed by a city prior to January 1, 2013. In addition, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under this proposal, without a mechanism for the local sales taxes to be replaced.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. The Department of Economic Development administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by prohibiting the redemption of such credits after June 30, 2016 against the now-repealed personal income tax. The department assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. The department also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature. The department also assumes that after June 30, 2016, tax credits could continue to be redeemed utilizing either of these two options to the extent applicable to the specific credit.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's

effective date through December 31, 2013, because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have—i.e. in advance of the 2016 redemption deadline—or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is likely to be litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from

the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund such projects are income-tax based, this proposal would jeopardize the financing for these projects by repealing the taxes generating the necessary revenues to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by taxes that would be repealed under this proposal, which could mean that the relevant local entity would default on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds would negatively impact not only the specific local entity but also the municipal bond market overall.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local

development projects. The department will defer to DOR for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** provided the following Calculation of Tax on Insurance Premiums from Initiative Petitions 11-15 thru 11-23.

		Incidence of tax on seller	Incidence of tax on buyer
		Gross Domestic Insurance Company Premiums* TAX YEAR 2009	Total Insurance Premiums TAX YEAR 2009
Initiative Petition	Tax Rate	\$768,761,954.49	\$12,634,241,702.02
11-15 thru 11-22	7%	\$53,813,336.81	\$884,396,919.14
11-23	4%	\$30,750,478.18	\$505,369,668.08

*Due to exemption proposed tax primarily collected from domestic insurance companies

ASSUMPTIONS/NOTES:

- 1) Numbers presented assume insurance product sales remain constant
- 2) Insurance product sales may be impacted if insurance premiums rise due to the proposed sales tax
- 3) Domestic insurance companies may re-domicile from Missouri to foreign states if the incidence of tax is on the seller, reducing the amount collected
- 4) If the general assembly does not exempt health insurance premiums as a benefit for individual healthcare, the total amount of insurance premiums subject to the proposed sales tax would increase by an estimated \$2,693,623,829 or \$10,943,678,671 respectively

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition as it appears to hold the department's Parks and Soil Sales Tax funds harmless.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department; however, they defer to the Office of Administration for the statewide impact.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$14,389,007 for fiscal year 2014.

The costs include increased:

Salaries-\$7,841,707

Fringe Benefits-\$4,104,349

Equipment and Expense-\$2,442,951

They said the proposal affects all state agencies that are funded by general revenues. It also affects all political subdivisions with local taxes. The department does not know whether this proposal was forwarded to all affected entities. It is unclear what the impact will be on small business.

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$102,396.

The value of the level of effort is calculated on 3864 FTE hours.

They said income tax revenue will decline and sales tax revenue must increase.

The department and ITSD-DOR will need to make programming changes to various tax systems.

Assumptions and methodology used in arriving at state fiscal impact:

Comments and Assumptions:

- The FTE impact for the processing area in fiscal year 2014 is based on a nine-month cycle. Personnel will be required to be fully trained as of January 1, 2014. The department will need to hire and begin training temporary staff in October 2013.

Personal Tax:

- For FY 12 – Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 13 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15 – Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax (July 2014 through December 2014). For the last six months of FY15 (January 2015 – June 2015), Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and

collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- The registration area would see an impact because including all services as a taxable product would greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
 - FY12 - No impact
 - FY13 - No impact
 - FY14 - Based on the presumption of doubling the number of businesses, for registration, contacts, collection effort –CATA will need an additional 88 temporary employees (CATA's FY09 sales use tax and registration FTE impact was 44) Training will begin in October of 2013.
 - FY15 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income, withholding and corporate tax accounts (this reduction will not be seen in this analysis as the period of the fiscal note ends in 2014).

Sales, Excise and Business Tax:

- The following impact is based upon the assumption that the workload for sales and use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., Business tax will need an additional 97 temporary employees for sales and use tax.
- The department assumes that although the new sales tax would go into effect January 1, 2014, current staff responsible for corporate tax, withholding tax and personal tax will not be available for reallocation until the last half of FY15, and even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 – No impact
 - FY 14 – Business tax will need 97 temporary employees. Training will begin in October of 2014. These would be temporary employees however, since they will be employed for nine months, benefits will be provided.
 - FY 15 – For the first half of the year Business tax will need the 97 temporary employees and for the second half Business tax will need 73 temporary employees. The reduction for the second half of FY15 is based upon the assumption that 25% of the permanent staff will now be available for reallocation – Rather than hire new temporary staff, which would require training the new staff; it would be more beneficial to retain the temporary employees. The employees would then be eligible for benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Corporate/Withholding Tax:

- For FY 12 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 13 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 14 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 15 – Corporate/Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) and 79% of existing staff in the Corporate Tax Section (19 out of 24 FTE) to continue the processing and collection duties of withholding and corporate tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in business tax area on a one-to-one basis.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. To conduct double that amount (4,700 sales and use tax audits), it would be necessary to double audit enforcement staff, including additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions would increase Field Compliance to 320 positions and a payroll of approximately \$14.0 million.
- Each additional employee would have start up costs which would include a new computer, file cabinet, desk, chair, side chair, calculator, and on-going supplies. The approximate cost for 160 new employees would be \$454,080. The travel and operating budget could potentially double by moving the budget from \$400,000 to potentially \$800,000. This would bring the approximate Expense and Equipment cost to approximately \$1.2 million.
- The department would need to expand and possibly move each in-state and out of state audit office facility to accommodate the increase in personnel. The estimated cost double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal:

- For FY12 – No impact
- For FY13 – No impact
- For FY14 – Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

Prebate:

Because the prebate will be provided by subsequent legislation, the department cannot determine what resources will be required with any certainty. But additional resources above those already identified will be required.

Comments:

- Eliminating the income tax would not “eliminate” the filing of returns. Individual income tax filers will file their 2013 calendar year returns after January 1, 2014. Individuals and businesses would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2014.
- The department is not clear whether the state would have the authority to require sellers to collect this tax. The legislation does not have similar language to current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does.
- The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state’s rights with respect to such taxes. The amendment is unclear as to whether such provisions are eliminated. If they are, that would mean that the state cannot assess, audit, or refund.
- No empirical basis appears to exist for setting the state sales tax rate at 7 percent and assuming that rate will generate the revenue that income-and asset-based taxes currently generate for general revenue.
- The department is unclear of the impact to taxes or refunds due, but not yet paid. Instead of repealing the laws on January 1, 2014, the department would recommend changing language to say: “For tax years beginning on or after January 1, 2014...” Also, the existing laws should remain in place in order to wrap up all old business.
- This proposal prevents any tax credit from being issued after December 31, 2013 and prevents any tax credit redemptions after June 30, 2016. This would impact many individuals who have credits that can be carried forward beyond FY2016.
- Without further action by the general assembly, every local taxing jurisdiction's sales tax could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.
- There is no provision provided in this petition which allows for rate adjustments.
- This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission. In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative

judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petitions do not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim an exemption, but would not be responsible for actually proving it was entitled to it.

The following are observations made by the department regarding the various exemptions:

- (1) Sales of personal property, which were transferred in a taxable transaction in another state before being brought into Missouri, are not exempt.
- (3) “Other similar intangible personal property held for investment purposes” is vague and will generate litigation.
- (4) Exempts sales of real property, but not rentals or leases of real property.
- (6) The term “tuition and fees . . . for educational services” is vague and will generate litigation. The term appears not to exempt from tax some fees paid to universities, such as recreational center fees.
- (8) The terms “agricultural trade” and “agricultural business purposes” are vague and will generate litigation.
- (10) Exemption is broader than just purchases of healthcare items and services. It also includes any item purchased by a doctor or hospital for the benefit of any of its patients.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if adopted by the voters, will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals, with various exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1 (d) of both proposals would appear to leave intact such sales tax. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. Consequently, it appears that both proposals would have an impact on department funds, but it is unknown at this time whether the proposals would result in an increase or decrease of funds.

Officials from the **Department of Transportation** indicated the total estimated reduction in revenue on all state funds will be \$136 million for 2014, \$290 million for 2015, and \$298 million for 2016. Funds affected include the Road Fund, the Road Bond Fund, and the Transportation Fund. The total estimated reduction in revenue on all local funds will be \$18 million for 2014, \$31 million for 2015, and \$31 million for 2016.

This IP makes several changes to Missouri's current state taxation laws. The IP will have a significant negative impact to MoDOT. MoDOT's aviation jet fuel sales and motor fuel tax revenues would remain the same and would remain frozen at their current rates. MoDOT would lose a significant portion of its state revenue stream from the redirection of motor vehicle sales taxes to the General Revenue Fund.

The loss of revenue from motor vehicle sales and use taxes would also impact cities and counties as they receive a portion of the motor vehicle sales and use tax revenue stream.

The department also has concerns that the Missouri Highways and Transportation Commission would likely face a downgrade of its rating as it relates to its \$3.3 billion of outstanding State Road Bonds due to such a significant change in revenue for the department.

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the division should it be approved by the voters.

They made the following comments:

To replace foregone revenues the General Assembly shall enact a law imposing a sales tax not to exceed 7%. Revenues from this sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Prop. C), which shall be held harmless.
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit.
3. An unspecified rebate program for low income families. Because no details of the program are given in the proposal, Budget and Planning (BAP) cannot determine the potential cost. Further, the spending program would be subject to appropriation, the uncertainty of which could negatively influence consumer behavior.

BAP notes the possibility exists that the General Assembly is unable to enact a new sales tax law by January 1, 2014. In this case, given the repeal of the other major taxes listed above, the state would be left with very little revenue.

Because the existing sales tax law is repealed, many if not most of the existing sales taxes for numerous political subdivisions, including counties, cities, public safety districts,

transportation development districts, and others are potentially nullified. The proposal does not specify a direct mechanism to replace the sales tax base or local revenues, although this could be addressed when the General Assembly enacts the new sales tax law required in Section 1(e). The DOR reports collections of \$2.298B in local sales tax revenues in FY 2010.

Calculating a Sales Tax Rate

The proposal calls for a 7% sales tax rate on a newly defined sales tax base. However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access. Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate.² Estimates from other groups, such as the Institute for Taxation and Economic Policy (ITEP) also suggest something greater than 11%.³

Estimating the Consumption Base

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US Department of Commerce Bureau of Economic Analysis (BEA's) national income and product account (NIPA) tables as reported by the BEA in December 2010,⁴ excluding items that are non-taxable under federal law or under the proposal. Also, BAP notes that the proposal's exemption for individual healthcare expenditures is broad and undefined until such time as the legislature defines it, so the actual health care exemption may be much different than the figure estimated below. Finally, BAP estimates the loss due to explicit avoidance activities, such as Internet purchases, traveling across state lines, or the purchase of used goods, as 10%; this figure is entirely arbitrary. Missouri expenditures are assumed to be 1.77% of national expenditures, based on Missouri portion of personal income in 2009 as reported by the BEA in December 2010.⁵ BAP estimates the consumption base to be \$89.719B as in Table 1. At the 7% rate codified in the proposal, this would generate a little over \$6.28B in revenues. However, if the General Assembly enacts a sales tax rate less than 7%, revenues would be reduced accordingly.

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

² http://www.showmeinstitute.org/docLib/20101215_income_taxes.pdf

³ <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

⁴ <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>

⁵ <http://www.bea.gov/regional/spi/drill.cfm>

- The proposal increases prices, via a new sales tax, for many products and services. These include but are not limited to food for home consumption, domestic utilities and telecommunications, rents, daycare providers, consumer legal and financial services, realty services, repair services, and personal care services.
- According to US Census Bureau data, roughly two-thirds of Missouri's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families. This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$4.46 billion in state and local income taxes were deducted in tax year 2008.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,001.3
Net Used Motor Vehicles	2.4.5; 06	(104.1)
Motor Fuel	2.4.5; 36	(280.8)
Higher Education	2.4.5: 101	(145.5)
PK-12 Education	2.4.5: 102	(39.7)
Vocational Education	2.4.5: 103	(37.5)
Insurance Premiums	2.4.5: 90	(308.6)
Individual Healthcare	2.4.5: 60	(1,623.2)
Food Stamps (not taxable under federal law)	3.12: 021	(54.6)
Free checking & other financial services	2.4.5: 088	(271.2)
Rental Value of owner-occupied housing	2.4.5: 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5: 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5: 064	(45.1)
Foreign travel by US citizens	2.4.5: 109	(105.4)
Foreign travel into US	2.4.5: 110	124.5
US taxable base		5,639.3
MO share 1.77%:		99.816
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Assume 10% loss for avoidance, purchases of other used goods		(9.982)
Taxable Base		89.719
Revenues At 7% Rate		6,280,330,000

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. Finally, the table includes the replacement of existing motor vehicle sales taxes, which are currently dedicated to highway usage but which would have to be replaced in order to hold those funds harmless.

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of nearly \$1.02B when compared to revenue collections in FY 2010, the second year of revenues severely depressed by the national recession. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Further, this calculation does not take into account any spending needed to administer the rebate program described in section 1(i). To offset each additional \$897 million in spending, the sales tax rate would have to be raised 1%, according to the sales tax base calculated above.

Finally, this calculation does not take into account the potential need to replace \$2.298B in local sales tax revenues. An additional sales tax of 2.561% would be necessary.

⁷ Revenues are as reported in the DOR Annual Financial Reports, and the SAMII Data Warehouse.

Table 2.

Sources by Fiscal Year	2010
Individual Taxes	5,495,341,696
Individual Refunds	(1,050,238,448)
Property Tax Credit Refunds	(118,594,589)
Corporate Income Taxes	408,935,797
Corporate Income Refunds	(214,417,694)
GR Sales and Use Taxes	1,790,181,504
Sales Tax Refunds	(59,962,469)
SDTF General Taxes	704,439,710
SDTF Vehicle Taxes	28,304,001
Motor Vehicles Sales Taxes	193,298,505
Total	7,177,288,012
Circuit Breaker Replacement Program	118,594,589
Revenues to Be Replaced	7,295,882,601
Needed Rate:	8.132%

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2011.

FY 2011 General Revenue Budget (\$M)	
Foundation Formula	2,342
K-12 Transportation	84
Higher Ed Institutions	797
Scholarships	81
State Employee Health Care Plan	260
DMH/DHSS Community Programs	492
Medicaid	1,536
Corrections	593
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	348

Other Impacts

BAP indicated this proposal eliminates all of the tax credit incentive programs in the state. The proposal prohibits the issuance of income tax credits after 12/31/13, and prohibits the redemption of previously issued tax credits after 6/30/16. This would persuade current holders of tax credits who would have otherwise redeemed their credits

after 6/30/16 to claim redemptions in an earlier fiscal year. BAP believes this would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system that is already inadequately funded by the 7% sales tax. Additionally, the state could not honor existing agreements for “streaming” tax credits authorized to be issued after 2013, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection and the complicated sales tax rebate system, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. BAP notes that this proposal directs all sales taxes to the general fund. Thus, this would supersede existing provisions in Article IV, Sec 30(b), which direct MV sales taxes to highway functions. While the sales tax rate on new vehicles would increase, the rate would be zero on used vehicles. This would create a strong incentive for consumers to forego purchases of new vehicles, which would further adversely impact funding for road construction and maintenance. MODOT can provide a fuller discussion of such issues.

Other proposals

BAP indicated this response related to initiative petition 11-15.

BAP said the initiative petition requests 11-16 through 11-23 are similar in nature to 11-15, with variances in the technical aspects of the bills. These changes would alter the calculations above to some degree, but the main conclusions remain the same.

All proposals except 11-15 repeal only taxes on individual earnings, leaving corporate taxes intact.

Proposal 11-21 repeals the corporate franchise tax.

Proposal 11-22 provides a phased-in change to the tax system in two increments, while proposal 11-23 provides three increments.

Regarding education exemptions, proposal 11-16 does not exempt higher education, while proposal 11-17 exempts only higher education.

Proposal 11-18 omits the phrase “as provided by law” from the healthcare exemption.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Rockwood R-VI School District** indicated the district does not anticipate any increase in cost or savings as a result of this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

James R. Moody provided information as an opponent of this initiative petition.

Mr. Moody said he was retained by Missourians Against Higher Sales Taxes to

provide a fiscal analysis of the proposed constitutional amendments that the State Auditor received regarding repealing the state income tax and other taxes and replacing them with a greatly expanded consumption tax.

Because the proponents have submitted nine separate petitions that are similar in most aspects, he said he is submitting this information as a single letter that is identical in addressing each of the nine petitions.

He said he will begin the analysis with some words of caution for the State Auditor, and suggestions for the questions that should be asked in every phase of the analysis. He said he believes that a sound analysis by the State Auditor's office will reach the conclusion that he has reached—that is, all of these petitions are fiscally untenable. They will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.

Part 1—Background and Overview

Beware Baiting and Switching

He provided the following overall comments:

As will be explained in the analysis below, proponents of the increased consumption tax have been using calculations that are simply wrong on their face. They have all calculated a rate that is too low in determining the real consumption tax rate, primarily because they have overstated the taxable base subject to the increased consumption tax.

As the current proponents who submitted the initiative petitions have recognized that their assumed tax base has been too high, the proponents have recently began to put exemptions from the increased consumption tax into their proposals. This is either because the items cannot be taxed under federal law, or they view that their taxation would be electorally unpopular. The simple math is that exemptions from taxation lower the taxable base. The more tax exemptions assumed, the lower the tax base, and the higher the tax rate has to be. If the goal truly is to do this new tax in a way that replaces existing taxes, the higher tax rate has major ramifications to those taxed, particularly the lower and middle income classes.

The proponents deal with this phenomenon by either capping the tax rate at 7% (whether or not that generates adequate tax revenue to replace current tax revenues), and/or suggesting a “prebate”, although none of the proposals provide any funding for it.

The proponents would leave you to believe that you can have a reduced tax base, a relatively low and capped tax rate, and a prebate fully funded. That notion, however, is a pure fantasy, and a basic “bait and switch” tactic. The “bait and switch” would attempt to make you believe that these three components are not absolutely inter-related. The 7% cap is a gimmick to get around the significant problems with these initiative petitions.

Things To Consider In Developing The Fiscal Statement

He suggested the following items be considered as key aspects in the fiscal analysis:

- What goods and services are taxed;
- What is the rate applied to those goods and services that are taxed;
- Is there a “prebate”, and if so how much is it and who gets it;
- If the prebate is not given to every citizen, does the structure create “tax cliffs” and disadvantage the middle class;
- What exemptions are granted from the increased consumption tax;
- What happens if the calculations are wrong, both in the short term and the longer term?

He said as this work discusses the history of this proposal and the various attempts by consumption tax advocates at quantifying the fiscal impact in the past, please note that there are a number of significant variances between: 1) past legislative proposals to submit the expanded consumption tax to a vote of the people, and 2) what is contained in the initiative petitions that have been submitted to the Secretary of State. These include:

- Past proposals have envisioned the replacement of the individual income tax, the corporate income and franchise taxes, and the existing sales tax to be essentially revenue neutral. In the legislative proposals, there was a commission established to review the adequacy of the 5.11% calculation (he said his analysis will show that rate was inadequate) and to reset the rate if necessary. The proposed initiatives cap the consumption tax at 7%, which is inadequate to replace the foregone revenues and provide funding for a prebate. The proposed initiatives do not pretend to be revenue neutral, nor to provide for any recalculation of the rate.
- The FairTax Book and the proponents of an expanded consumption tax have in the past called for a “prebate” (discuss below) to protect the poor and the middle class from this extremely regressive tax structure. While the initiatives call for the General Assembly to establish a prebate by law, there is no money set aside for this prebate with the 7% cap on the increased consumption tax. According to the Show-Me Institute, the prebate will cost at least \$2 billion.
- Article X, Section 18(e) calls for a vote of the people to raise taxes by more than approximately \$90 million. Therefore, to fund the prebate (if not funded by the current initiatives) would require the passage of a constitutional amendment by a statewide vote of the people to increase the consumption tax by about 3%.
If any of the initiatives submitted through these proposals is adopted by the voters, since there is no possible way to fund a prebate without another constitutional amendment, the tax burden will fall disproportionately on the lower-income and middle class population of the state.
- The legislative bills previously introduced called for an undefined exclusion from the consumption tax on services of “business to business transactions”. The initiative petitions contain no such exclusions, which means that all services will be subject to the expanded consumption tax. These proposals would tax the services of lawyers, doctors, accountants, architects, consultants, advertising agencies, and interior designers at the greater than 12% rate (explained below), as well as also taxing rents, food, utilities,

telecommunications, print and video advertising, day care, beauty care and other similar services.

- Because Missouri borders eight other states, those providing services or consuming services will simply move across the border, or go across the border to sell or purchase goods or services that they desire to consume at a lower tax rate. No fiscal impact statement can be complete without including an estimate of these adverse impacts. Rather than create some great economic movement in Missouri, the passage of any of these initiative petitions will out-migrate Missouri talent providing services and shift Missouri purchases to other states.
- A Show-Me Institute study shows that the increased economic activity generated by having a consumption tax instead of income taxes would take a generation to occur (if it does), and in the shorter term may result in a loss of economic activity.

He said in order to assist the analysis, he will provide his view of the “prebate” concept from the FairTax Book, discuss prior efforts at broadening the consumption tax that have been introduced in the Missouri General Assembly, and the calculation errors that existed in prior calculations by the proponents.

The Importance of the Prebate to the Consumption Tax Discussion

It is generally recognized that sales taxes tend to be regressive—that is, they place more of the relative tax burden on those at the lower and middle-income level, who spend a higher percentage of their income on items that are subject to sales tax.

A consumption tax that broadens the definition of the goods and services that are subject to a sales tax arguably is even more regressive, as the broadened base would include areas where poor and middle-class families and individuals spend most of their money. Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care. Low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax.

In response to the concern that an expanded consumption tax is regressive, the authors of the FairTax Book, Neil Boortz and John Linder, developed the concept of a payment received by all citizens to alleviate the regressive nature of the expanded consumption tax. This payment, which would be made at the beginning of each month, is called a “prebate”.

The prebate is important to this discussion for two reasons. The first is that the expanded consumption tax is incredibly regressive without this payment. The second is that the prebate adds to the cost of this proposal dramatically if it in fact is paid to all citizens and accounted for in the fiscal analysis. The FairTax Book envisioned that the prebate would be given to every citizen; the Joseph Haslag/Abhi Sivasailam calculation of the prebate referenced herein assumed the same.

He said please note that while he disagrees with Ms. Wahby's calculation, as outlined below, she also did attempt to take the prebate into consideration in her calculation.

Boortz/Linder on the Prebate

He said while he understands the potentially devastating effects of an increased consumption tax on the poor, the lower income class and middle class working people, the concept of the necessity of a prebate (upfront monthly payment to all citizens to offset the impact on lower and middle income citizens) to address that problem was contained in the original The FairTax Book, authored by Neil Boortz and John Linder.

Here are some excerpts discussing the prebate from the FairTax Book:

"The folks who wrote the FairTax plan knew that burdening the poor with a 23 percent retail sales tax would doom the plan from the outset...its creators ensured that no one should ever have to pay the sales tax on the basic necessities of life. That's why the prebate—the monthly check on all basic household necessities—was invented.

The size of the monthly prebate payment will be based on the government's published poverty levels for various-sized households. The number is updated every year to keep up with inflation, so the work of calculating the size of the prebate is already done. Here's an example of how the prebate payments would work in 2005.

Let's say your household consists of a married couple with two children. The FairTax Act sets forth a formula for computing the poverty level, based on government figures, which negates any marriage penalty. Under the FairTax Act, in 2005 your household would be granted an annual consumption allowance of \$25,660. This is the amount the government estimates you would spend during that one year to buy the necessities of life for your family. The sales tax on this amount would equal \$5,902. The government would rebate this amount to you in twelve equal monthly installments of just under \$492.

Now, it's clear that low-income Americans will be better off, much better off, under the Fair Tax Plan. They would have their income and payroll taxes abolished; they would receive their whole paycheck with no federal withholding; they would have the 22 percent tax costs that are currently embedded in everything they buy eliminated; and they would receive a payment each month to guarantee they could spend all of their money up to the poverty level and not lose one penny to taxes. Wow....

Now... bear in mind, the prebate isn't just for the poor. It's paid to everyone, rich and poor alike. The purpose here is to make sure that no American has to pay the FairTax on the basic necessities of life. Unlike the present income tax system, the FairTax treats each and every person in this country exactly the same."

Part 2--Prior Legislation and Consumption Tax Calculations

2009 Legislative Session—HJR 36 filed by Representative Ed Emery

House Joint Resolution 36 was introduced in the 2009 General Assembly by Representative Ed Emery. HJR 36 would have repealed the Missouri individual income tax, the corporate income tax, the corporate franchise tax, the bank franchise tax, and all existing state sales and use taxes, and would have replaced them with a broadened tax upon “all sales, use, or consumption of all new tangible personal property, rental property, or taxable services”.

Under HJR 36, the rate of the tax is set at 5.11%. In the fiscal note, the Oversight Division notes that “Officials from the University of Missouri, Economic and Policy Analysis and Research Center (EPARC) assumed a previous version of the proposal would if enacted...taxes would be replaced with a state sales tax rate of 5.11%.”

Upon reading the fiscal note, it would appear to the uninformed reader that someone in Missouri actually did a calculation that verified the 5.11% as a correct number for replacing these taxes. Further investigation tells us that was not in fact the case, and that the 5.11% was not adequate to replace all of the repealed taxes.

The 5.11% is a calculation prepared by Karen Wahby of Americans for Fair Taxation, based upon a prior study of the Fair Tax by the Beacon Hill Institute at Suffolk University in Suffolk, Massachusetts. (A copy of her original calculations attached). Her calculation to reach the 5.11% is as follows:

	(in millions)
Private Consumption	\$168,862
Federal Government Consumption	\$16,285
State Government Consumption	\$17,174
Total Consumption	\$202,321
less Prebate base (poverty level spending)	-\$42,931
plus nontaxable government spending adjustment	\$3,799
Total Mo Fair Tax Base	\$163,189
Fair Tax Base Excluding govt consumption (Line 2)	\$146,904
Revenues to be replaced	\$7,142
<u>Tax Rates</u>	
Rate to replace revenues in line 11	4.58%
Rate to replace revenues in Line 11 excluding federal government consumption	5.11%

He said there are a number of problems with this calculation. Since this calculation was performed in January 2009, it is assumed that Ms. Wahby was utilizing the most recent

revenues from Fiscal Year 2008 as the replacement number. However, the actual revenues that would need to be replaced are:

	<u>Net Rcpts</u> <u>FY2008</u> (in millions)
Individual Income tax	\$5,210
Sales tax (general revenue)	\$1,931
Sales tax (1.225% non GR)	\$955
Corporate income and franchise taxes	\$459
Total	\$8,555

In essence when Ms. Wahby solved for the FairTax rate at 5.11% she solved for the wrong revenue number. She only solved for \$7.142 billion when she should have solved for \$8.555 billion. He said please note that his numbers include the 1/8% conservation tax and the 1/10% park and soils sales tax. The Wahby calculation also does not take into account that there are items in the consumption base that cannot be taxed.

He said hence there was never a basis for the legislation that would have set the proposed consumption tax rate at 5.11%. It was an incorrect calculation that was validated in the fiscal note; the fiscal note was simply incorrect, and the 5.11% proposed rate was dramatically too low.

He said even though this calculation was simply wrong, it has become institutionalized in legislative proposals, including a bill recently introduced in the 2011 legislative session.

What Does The Prebate Cost?--The Show Me Institute Calculation of the Prebate

There have been varying estimates of the cost of the prebate in Missouri. The Missouri Budget Project calculated that the cost of the prebate would exceed \$3 billion. For the purpose of his analysis he said he will utilize the estimates of the prebate cost that were developed by Joseph Haslag and Abhi Sivasaliam in a paper published by the Show-Me Institute on October 13, 2009 that was written in rebuttal of the \$3 billion calculation by the Missouri Budget Project.

Here is the calculation outlined in the paper by Haslag and Sivasaliam:

“We estimate the number of families qualified for the rebate to be 2,626,800—the number of resident filers for Missouri’s individual income tax, as of 2007. Dividing Missouri’s population by the number of resident filers yields an average family size of 2.2. The federal poverty threshold approximation associated with a family of 2.2 is \$15,393, which—when multiplied by the sales tax rate—amounts to an average rebate value of \$786.58. Multiplying the rebate value by the number of rebates, we estimate the total cost of the rebate to be \$2,066,167,540.”

This paper also stated that, utilizing this prebate figure, the consumption tax would be 5.79%, as noted in further discussion below.

He provided comments on the prebate at this level:

- Exemptions from the taxable base raise the required tax rate. If the 5.79% rate goes higher due to exemptions from the tax base, the prebate rate needs to be higher. As the tax burden increases (due to exemptions), the payment to offset the impact of the increased tax rate also needs to increase, or lower income and middle-income citizens are disproportionately impacted.
- This prebate calculation by Haslag and Sivasailam does not address any local sales taxes. The proposed constitutional amendment requires local sales taxes to be adjusted to tax the same things as the increased consumption tax, and to adjust their rates accordingly. So the poor and working lower and middle class income citizens would have no prebate to offset the broadened base for local taxes.

The 2010 Legislative Session—HJR 56, HJR 71, SJR 29, SJR 36

In the 2010 General Assembly there were a number of bills similar to HJR 36 from the 2009 session that were introduced that called for an expanded consumption tax. These measures included HJR 56, introduced by Representative Ed Emery; HJR 71, introduced by Representative Andrew Koenig; SJR 29, introduced by Senator Chuck Purgason; and SJR 37, introduced by Senator Luann Ridgeway.

He said all of these measures continued to reference a tax rate of 5.11%, even though this number was clearly in error since its inception in the Karen Wahby calculation.

He said for the first time, one of the fiscal notes references the possibility that 5.11% is an incorrect number. The fiscal note states,

“..data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents and investment is difficult to access. What little literature is available on this subject suggests this rate is likely too low. For instance, the Show-Me Institute has calculated the rate to be 5.79%. Estimates from other groups, such as the Institute for Taxation and Economic Policy, range higher, as much as 12% or more. Assuming a 5.79% rate is correct, this proposal would be short of revenue neutrality by nearly 11.74%. Estimating lost individual income, sales tax, and corporate revenues at a very high \$7.1 B, this leads to a revenue shortfall of \$834 M.”

The Show-Me Institute's 5.79% Calculation

The calculation of the consumption tax rate at 5.79% comes from a paper dated October 13, 2009 that was published by the Show-Me Institute. The paper was written by Joseph Haslag and Abhi Sivasailam.

Here is their calculation of the 5.79% rate. The paper states:

“The sum of the new government revenue necessary to replace the individual income, corporate income, and sales taxes is \$7,117,761,408 in fiscal 2009, according to the Department of Revenue. Further, the cost of the rebate program is \$2,066,167,540. Dividing this by personal consumption of \$158,531,333,333, we arrive at a revenue-neutral sales tax rate of 5.79 percent”.

Please note that the \$7,117,761,408 only accounts for the 3% general fund sales, and not the additional 1.225% that goes into earmarked funds.

He said the other major assumption is that the \$158 billion in personal consumption will all be subject to the increased consumption tax to make the rate 5.79%. Clearly there are items in the \$158 billion, as noted blow, that cannot be taxed.

Response by the Institute on Taxation and Economic Policy

In analyzing and critiquing the 5.79% calculation, the Institute on Taxation and Economic Policy (ITEP) notes that the personal consumption number of \$158 billion includes many expenditures that are either exempt from the increased consumption tax under the proposal (expenditures for higher education, for example) and other expenditures that arguably cannot be taxed under federal law (health care spending by the government, rental value of owner occupied housing, food stamps, spending by charities on behalf of individuals, interstate transportation, foreign travel).

This leads to the central question noted earlier in determining what is the correct consumption tax rate: 1) what is the base to be taxed, 2) what is the prebate, and 3) what is exempt from the consumption tax?

These are all factors that are necessary to determine what the correct tax rate is.

The United For Missouri Calculations

One of the proponents of the initiative petitions that have been filed is a group called United for Missouri, which is headed by former State Representative Carl Bearden. In a PowerPoint presented at the Associated Industries of Missouri (AIM) conference in the fall of 2010, Carl Bearden of United for Missouri showed a calculation of an increased consumption tax that would be capped at 7%.

The assumptions made by Bearden in his calculation are similar to many of the assumptions contained in the initiative petitions, and include:

- A rate capped at 7%.
- In order to replace the 3% general fund sales tax and the 1% Proposition C sales tax, the rate would have to be 6.75%.
- The 6.75% does not account for the 1/8 cent conservation sales tax, or the 1/10

- park and soils sales tax; an additional .15% sales tax is required to replace them.
- This brings the rate to 6.9% (assuming their calculations are correct, which he said he is not conceding). The cap is 7% and the 6.9%, if correct, leaves virtually no funding for the prebate. So while the Bearden presentation calls for a prebate, he has already utilized all of the new consumption tax to replace current state revenues.
- If the Bearden calculation is incorrect, there is no review allowed or required to re-establish the rate. The state simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.

The Bearden calculation is as follows:

Missouri Personal Consumption Expenditures. \$166 Billion

- ✓ Less imputed rents \$19.9B
- ✓ Less health care paid by government \$15.1B
- ✓ Less insurance and imputed financial services \$5.5B
- ✓ Less motor vehicles \$4.7B
- ✓ Less motor fuels \$6.3B
- ✓ Less education (K-12, higher ed, vocational) \$3.1B
- ✓ Less non-profit and religious services \$6.9B
- ✓ Less purchases of new homes \$6.9B
- ✓ Less misc other adjustments \$3.4B

Estimated Tax Base \$107.7 Billion

The tax base Bearden assumes above, and a 6.75% tax rate, creates tax receipts of \$7.27 billion.

The Bearden calculation also does not account for this major exemption listed in the initiative petitions:

- Healthcare services paid for by non-governmental entities for individuals, which are specifically excluded from taxation by these initiative petitions;

Please note that the Bearden calculation excludes only government-sponsored health care payments (Medicare and Medicaid), while the initiative petitions exclude all healthcare expenditures from the increased consumption tax, which is a huge difference.

According to the Missouri Tax Expenditure Report for 2009 (available on the Office of Administration, Division of Budget and Planning website) prepared by the Economic and Policy Analysis Research Center at the University of Missouri-Columbia, the *foregone state tax revenues (at 3%)* of not taxing healthcare, prescription drugs, and non-prescription drugs is:

Medical Care	\$994.0 million
Prescription Drugs	\$184.9 million
Non-Prescription Drugs	\$ 22.7 million

The initiative petitions also do not define a healthcare expenditure for an individual, which is a huge potential loophole. Are non-prescription drugs a healthcare expenditure? The same question would apply to therapeutic massage therapy, weight loss expenditures for services not delivered by a licensed medical practitioner, and residential expenditures for elderly care in an assisted living facility.

In any case, the Bearden calculation, which if correct required a tax rate of 6.75% to replace current revenues, did not exempt health care expenditures from the taxable base. At a 3% tax rate, this new exemption would cost about \$1.2 billion in state tax revenues, and the proposed increased consumption tax rate is over double the current tax rate.

He said this healthcare exemption clearly leaves the state dramatically short of replacing existing tax revenues, and the other remaining problem is that there is no funding available for a prebate under the initiative petitions.

Part 3—Other Problems With The Proposed Initiative Petitions

Gaming Revenues

He said neither the nine initiative petitions nor the Bearden calculation excludes gaming revenues from the taxable base. Gaming revenues are currently taxed at a rate of 21% of the gaming company's adjusted gross receipts; imposing an additional sales tax of more than 12% on the revenues from these operations would make their tax rate nearly one-third of their adjusted gross receipts.

In addition, gaming companies pay a fee of \$2.00 per every two hours for patrons utilizing their services. These fees would also be subject to the additional consumption tax.

The base for the increased consumption tax calculation should either exclude the gaming taxes from the increased consumption tax, or the fiscal note should reflect that gaming companies will be double taxed.

Local Franchise Agreements/Taxing Internet Services

Many telecommunications and video service providers currently operate in local communities through agreements that call for franchise fees. The increased consumption tax called for by these initiative petitions repeals all current sales tax exemptions, and also requires local governments to recalculate their local sales tax rates to comply with the new Missouri Constitution defined consumption tax. He said when this occurs, any

business collecting and paying taxes through a local franchise fee or a similar tax characterized as a local use tax will have to layer on top of that the dramatically higher consumption tax.

Taxation of internet services are specifically prohibited by federal law. While the initiative petitions exempt from taxation those items exempted from taxation by federal law, it is unclear whether the petition advocates understood that these specific services are exempt and must be removed from the calculation.

Tax Credits

He said the proponents' proposals on tax credits are very confusing. They propose to bar the authorization or issuance of any tax credits that would be taken against any tax repealed by section 1(a) or 1 (b) of the initiative. The state income tax and corporate income tax are repealed by section 1(b).

The petitions further state that after June 30, 2016, no tax credits approved or redeemed against taxes repealed under section 1(a) or 1(b).

This second section would appear to allow credits to be taken against these taxes until June 30, 2016, even though the taxes against which they may be taken are repealed on December 31, 2013, and therefore there would be no tax liability against which to take them.

The Low Income Housing Tax Credit is a 10% credit taken over 10 years, and the project must be completed before the developer can begin receiving the credit. There are 10-year low-income housing tax credits already approved, within the current year and future years, where the project will be completed (thereby vesting and earning the credits) that will exceed both of these dates. He said apparently the intent of this proposal is to take those tax credits away from their owners without compensation.

When considering only low-income housing tax credits that are earned and vested by January 1, 2014, tax credit investors alone will lose in the hundreds of millions of dollars without compensation.

He said it is questionable whether the courts would allow this to happen. However, if the investors are paid by the state or allowed a credit against the consumption tax liability owed by a taxpayer, the initiative petitions run into the same problem as with other items discussed. All funds will have already been committed to other uses, and there will not be adequate funds to pay for these liabilities.

He said if funds are spent on tax credits after the passage of any of the initiative petitions, they take away from the available funds to replace current taxes, which are already inadequate to allow current state services to continue, as the analysis has shown.

Part 4—The “Economic Engine” Myth

He said proponents of the increased consumption tax laud the fact that replacing income taxes with consumption taxes will energize enormous economic growth. He suggested more research is needed, and in particular reference a publication by proponents of the increased consumption tax.

He suggested reading an article for the Show-Me Institute dated December 15, 2010 entitled Income Taxes vs. Sales Taxes: A Welfare Comparisons, written by Grant Casteel and Joseph Haslag.

Among the excerpts from the article he pointed out the following quotes:

“However, we also show that if people value current consumption enough relative to future consumption, they prefer the income tax regime to the sales tax regime.”

“When a sales tax policy is implemented, consumer spending declines.”

“After about a generation’s worth of time, people are happier under the sales tax policy than under the income tax policy.”

He said even by the proponents’ own statements, the short term impact of an increased consumption tax is that consumer spending declines, which will make tax revenues decline.

Part 5—What Is The Real Fiscal Impact Of These Proposals

What Is The Correct Calculation

He said the analysis shows that there are many factors that will impact the rate of the increased consumption tax if passed by the voters. Please note that while local sales tax rates vary by city or county, the highest rates tend to be in the most populous areas, and therefore the majority of the citizens will pay at the very highest local rates.

He said the voters should know the correct tax rate before they vote on this radical and understudied concept. Here is the most reasonable calculation to use to show the proper rate if this proposal were to pass:

Tax Rate Required To Replace Current Taxes (with exemptions as provided in petitions)	9.00%
Tax Rate To Replace Conservation And Parks and Soils	.25%
Estimated Average Local Tax Rate With New Base	2.75%
Total Tax Rate For Expanded Consumption Tax (without prebate)	12.00%
Tax Rate To Provide For Prebate	3.00%
Total Tax Rate Providing for Prebate	15.00%

Suggested Ballot Language

He said he believes that all nine ballot petitions are fatally flawed. They do not generate adequate revenues to replace the current revenues they purport to replace, nor to provide for a prebate.

Although the initiative petitions call for the establishment of a prebate by law, there is no money available to fund the prebate at a number calculated by Joseph Haslag and Abhi Sivasailam (which would be too low because the tax rate will be higher than what they calculated). An additional constitutional amendment would have to be placed in front of the voters that would increase the consumption tax rate by approximately 3%.

He suggested the following fiscal note wording:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Marc H. Ellinger provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment to Article X of the Missouri Constitution, version 2a:

Executive Summary

Ellinger indicated he has submitted nine different and unique versions of a constitutional amendment to Article X. The analysis and review of any one version cannot be used as a template or, as Mr. Moody suggests, a carbon copy review of the other versions. The taxes repealed and the period of time of such repeal is different across the various petitions. This fact alone precludes a single letter or concept analysis of the fiscal impact of any version. Moreover, the exemptions from the new tax differ in the versions, further compounding the logical failure of any analysis seeking to review all of the versions together, including Moody's letter. This proposed statement of fiscal impact addresses only Version 2a, pursuant to Section 116.175, RSMo, and 15 CSR 40-5.010 (4) (C), (D), and (E).

Summary of Version 2a

- Repeals the individual income tax (January 1, 2014);
- Repeals current sales and uses taxes (January 1, 2014);
- Preserves the Parks and Soils and Conservations Sales Tax as they currently exist;
- Requires the general assembly to impose and levy a tax on sales to individuals and services provided to individuals (January 1, 2014) at a rate not to exceed 7%;
- Specifically exempts sales and services which have previously been taxed; services rendered by an employee for an employer; intangible personal property held for investment purposes; sales of real property; sales of motor fuel; tuition and fees of elementary and secondary education; insurance premiums and products; property and services used for agriculture; sales or services to or for the benefit of political subdivisions, businesses or charitable organizations; sales or services for the benefit of an individual's healthcare (as provided for by law); sales made through the use of federal food stamp coupons; sales under the supplemental feeding for women, infants and children program; sales exempted from state taxation under federal programs; non-proprietary sales or services performed by political subdivisions; sales which the state is prohibited from taxing; and any other sale or service exempted by the General Assembly;
- Requires the general assembly to provide a rebate or credit to be applied to the taxable purchases by low income individuals; and
- Allows county or political subdivision to broaden the base of existing taxes, licenses, or fees, with voter approval.

Proposed Statement of Fiscal Impact for Version 2a

The total cost or savings to state or local governmental entities is unknown. Most state governmental entities estimate no costs, however, some state governmental entities may have unquantified indirect costs. It is estimated this proposal will have no costs or savings to local governmental entities.

Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero in FY 2013 and unknown in FY 2014. The net effect on state funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on state funds in FY 2014 is unknown. While the individual income tax, and current sales tax are repealed, the new sales tax generally replaces the lost revenue. The net effect on local funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on local funds in FY 2014 is also zero since political subdivisions are given an option to recalculate their tax rates and apply the new rate to an expanded base.

ESTIMATED NET EFFECT ON STATE FUNDS (in thousands)		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	unknown
Total Estimated Net Effect on All State Funds	\$0	unknown
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

The proposed amendment would neither establish a new program or agency nor duplicate an existing program or agency.

The proposed amendment is not a federal mandate.

No new program or agency is being created; therefore, there is no new program or agency that will have a direct fiscal impact on any political subdivision of the state.

No new physical facilities will be required by the proposed amendment.

The proposed amendment will have a positive economic impact on small businesses in FY 2014 and going forward. Small business owners and S Corporations will no longer pay state income tax. Small businesses would be exempt from paying the replacement sales tax. The proposed amendment will result in a significant positive economic impact on small businesses, and it is likely that at least some of the cost savings will be passed onto consumers.

Response to letter from Mr. James R. Moody

It is unclear whether the letter dated January 24, 2011 is in response to this specific proposed amendment or whether it is a general response to “Fair Tax” ideas. The letter consults numerous sources that are irrelevant and immaterial to the proposed amendment. 15 CSR 40-5.010 (4)(C) requires that the proposed statement of fiscal impact “be limited to the estimated fiscal impact of the proposed measure.” The letter also makes numerous misstatements about the contents and effect of the proposed amendment. This response serves to clarify what should be considered by the Auditor’s office in preparing the fiscal statement and to clarify the substance and effect of the proposed amendment.

Moody references a number of items which can be addressed first, generally. The numbers and analyses of past legislative proposals should be disregarded. Moody’s discussion of the substance of these proposals and their fiscal impact has no bearing on the proposed amendment. The proposed amendment is significantly different than any past legislation. Moody’s discussion of these proposals is irrelevant to the fiscal impact of the proposed amendment.

Moody also presents numbers and analyses from a book titled “Fair Tax,” a study by the Show-Me Institute, and reports from the Missouri Budget Project and United for Missouri. Moody’s discussion of these studies has no bearing on the proposed amendment. None of these studies were conducted on the proposed amendment or pertain directly to the provisions of the proposed amendment (as required by 15 CSR40-5.010(4)(C), (D), and (E)). The proposed amendment is not called the “fair tax” and the ideas and opinions in any fair tax books or made concerning prior fair tax proposals are not analyses of the fiscal impact of the proposed amendment before the Auditor. The Show-Me Institute study is not a study of our proposal. As the author, Joe Haslag, has stated, the study focused on a fictional model economy and was never meant to represent any version of tax reform under consideration. The study was published on December 15, 2010 and is not an analysis of the proposals that were filed on January 14, 2011. Moody’s discussion of the substance of any proposed tax schemes from these sources and their fiscal impact is irrelevant to the fiscal impact of the proposed amendment, and therefore Moody’s comments and discussion regarding these sources should be disregarded.

With respect to Moody’s more specific points, each of which will be addressed in the order presented, Moody makes several statements about the proposed amendment which are factually inaccurate. Moody also makes several assertions of fact and offers his own fiscal analysis, yet none of the assertions or any evidence or authority supports the numbers offered by Moody. Finally, much of the evidence actually tends to disprove the statements made by Moody.

Moody claims that the petitions “will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.” The proposed amendment will neither bankrupt the state nor the poor. Examples of other states with no income taxes demonstrate the feasibility of the proposed amendment. *See* Appendix A.

With respect to the cost of any “prebate,” Moody turns to a number of sources that are irrelevant to the proposed amendment, as discussed above. The proposed amendment requires the General Assembly to provide “a rebate or credit to be applied to the taxable purchases by low income individuals, as defined by the general assembly.” Version 2a, Section 1(i). The low income rebate or credit is mandated by the proposed amendment. While the size and scope of such a rebate or credit are subject to debate, the General Assembly is mandated to create such a system and thus protect the interests of low income individuals in Missouri. In addition, Moody claims that funding a prebate “would require the passage of a constitutional amendment” and that the “tax burden will fall disproportionately on the lower-income and middle class population of the state.” However, Moody provides no evidence of analysis to support his claims about the size of the rebate or the distribution of the taxes paid by income group relative to the proposed amendment.

Moody claims that the initiative petitions contain no exclusion for “business to business transactions.” This is factually inaccurate. The proposed amendment states that the “general assembly shall enact a law...imposing and levying a tax on all sales to individuals and on all services provided to individuals[.]” Version 2a, Section 1(e)(1). The proposed amendment also defines “Sales” as “any transfer exchange, or barter, conditional or otherwise, to an individual[.]” Version 2a, Section 1(g)(1). The proposed amendment defines “Services” as “all activities for the benefit, use or consumption of an individual[.]” Version 2a, Section 1(g)(2). Finally Section 1(f)(9) of Version 2a specifically exempts business to business transactions. That section reads, in part, “Sales or services to or for the benefit of...a business...and the sale of service is in furtherance of the purpose of...a business[.]” Moody’s statement that there is no exclusion for “business to business transactions” is simply wrong.

Moody suggests that the proposed amendment “will out-migrate Missouri talent providing services and shift Missouri purchases to other states.” While some individuals may choose to purchase goods elsewhere near the border because of lower sales taxes in neighboring states, this impact shall be offset by individuals who chose to move into the state of Missouri because of lower income taxes (0%) and lower costs of doing business (0% sales tax on business to business transactions). It is impossible to accurately estimate the net impact on individual behavior. However, the experience of other states shows that states with no income tax have experienced more rapid population growth than states with an income tax. There is no evidence that a broad consumption tax leads to an exodus of individuals from a state. *See Appendix B.*

Moody makes the claim that “it is generally recognized that sales taxes tend to be regressive” but provides no authority for such claim, nor does he provide any authority or evidence that the tax under the proposed amendment would “tend to be regressive.”

Moody alleges that low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax. Moody fails to recognize that under the proposed amendment, the Medicaid benefits, supplemental nutrition program benefits and a multitude of services from not-for-profit

and religious organizations received by low-income individuals are all exempt from the sales tax under the proposed amendment. See, e.g., Version 2a, Section 1(f)(9)-(13), (15). Furthermore, the general assembly may choose to exempt other sales or services under Section 1(f)(16).

Moody utilizes “United for Missouri” calculations, and points out that the rate of tax estimated by United for Missouri “does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax.” He states that “an additional .15% sales tax is required to replace them.” The proposed amendment does not repeal the conservation sales tax or the parks and soils sales tax. See Version 2a, Section 1(d) (“All laws imposing sales and use taxes, and exemptions thereto...are repealed...except any taxes imposed by Article IV, Sections 43(a) and 47(a) or any taxes provided for by Article IV, Section 30(a)[.]”). Thus any calculation suggesting these taxes need to be “replaced” is inherently flawed.

Moody suggests that under the proposed amendment “[t]he State simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.” However, as the fiscal analysis of the proposed amendment above demonstrates, the fiscal impact in FY 2013 zero and in FY 2014 is unknown.

Moody claims that “United for Missouri’s” calculations are flawed because they do not account for “the major exemption” of healthcare services. Version 2a, Section 1(f)(10) exempts “Sales or services for the benefit of any individual’s healthcare as may be provided by law.” Therefore, healthcare services paid for by non-governmental entities for individuals are included in the tax base of the proposed amendment. Healthcare sales or services may be exempted by the General Assembly, as provided by law. Moody himself states that healthcare would be taxed on page 4 of his remarks. (“*Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care.*”)

Moody states that the proposed amendment does not exclude “gaming revenues” from the taxable base. Moody is correct that gaming revenues are currently taxed at a rate of 21%. Section 313.822, RSMo, provides “A tax is imposed on the adjusted gross receipts received from gambling games authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent.” The tax in the proposed amendment is not on “adjusted gross receipts” but rather, is “on all sales to individuals and on all services provided to individuals[.]” Version 2a, Section 1(e)(1). Gaming revenues and the admission fee are neither sales to individuals nor services provided to individuals and are thus not included in the taxable base under the proposed amendment.

Moody also states that the proposed amendment “requires local government to recalculate their local sales tax rates[.]” This is simply untrue. Version 2a, Section 1(j)(1) states “Effective January 1, 2014, any county or political subdivision may broaden the base of an existing tax, license or fee, only with the approval of the majority of the qualified voters[.]”

Moody suggests that the corporate income tax is repealed by the proposed amendment. This is inaccurate. The corporate income tax is not repealed by the proposed amendment. Version 2a, Section 1(b) repeals “Any law...that imposes a tax...that is on or measured by the income or earnings of an individual” effective January 1, 2014.

Moody also takes issue with the tax credit provisions of the proposed amendments, stating that tax credit investors will lose hundreds of millions of dollars without compensation. Version 2a, Section 1(a)(3), provides that the general assembly shall not have the power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied to the individual income tax or sales tax except as provided in the proposed amendment. Section 1(c) provides that no tax credits shall be authorized or issued after 2013 to be applied to the individual income tax. Section 1(c) also provides that any tax credits authorized or issued prior to 2013 can be approved or redeemed (and applied to individual income tax) until June 30, 2016. Even after 2016, tax credits can be applied against other taxes, including: the corporate income tax, the franchise tax, the bank tax, the insurance premium tax, the other financial institutions tax, the express companies tax. Specifically, those with low income housing tax credits can redeem (or sell such credits to others who can redeem) such credits against the corporate franchise tax, the financial institution tax, and the insurance company premium tax. Furthermore, nothing in this measure if passed would restrict the ability of the General Assembly as provided by law from offering the current equivalent of such benefits, in a form other than tax credits, directly by general law.

Moody suggests that the proposed amendment relies on an “economic engine” myth. However, our fiscal analysis assumes no dynamic effect on GDP growth. When projecting the state GDP we rely on national GDP estimates from the CBO. Since both our tax base projections and the projections of revenues eliminated by our measure are driven by the size of the future state GDP, our fiscal impact notes are in effect immunized to varying assumptions about changes in GDP. There is however evidence that over long periods of time, states with no income tax experience faster economic growth. *See* Appendix B.

Moody suggests that “increased consumption tax” will decrease consumer spending. Again, he offers no evidence or authority for this claim. It is possible to theorize that raising taxes on consumption would decrease consumption. However, it is also important to recognize that by our estimates, the proposed amendment adds \$5.7 billion (2014) dollars of what would normally be collected as individual income tax into the pockets of Missouri consumers. This additional spending power should translate into additional consumption offsetting potential declines from imposing a broad consumption tax.

Finally, Moody offers the “Real Fiscal Impact” of the proposed amendment. His analysis is flawed. First, the Conservation and Parks and Soils Taxes are not repealed by the proposed amendment. Second, local municipalities are not required to recalculate their tax rates. Moody also fails to account for the unique differences of Version 2a, specifically Moody fails to assess how no higher education tuition and fee exemption will affect the costs or savings to the state. He suggests that a tax rate of 9% will be required

to replace current taxes, yet offers no explanation or evidence for how that rate was calculated. None of the no-income tax states in the United States have a sales tax rate that exceeds 7%. *See* Appendix A.

Finally Moody suggests the following fiscal impact statement:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Moody has not demonstrated that seven percent is inadequate to replace current state revenues. He has not demonstrated a shifting tax burden. His argument about tax credits is inaccurate as explained above. Similarly, his explanation of the taxable base contains factual inaccuracies. Section 116.174.3, RSMo, requires that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities. The fiscal note summary shall contain no more than fifty words, excluding articles, which shall summarize the fiscal note in language neither argumentative nor likely to create prejudice either for or against the proposed measure." Moody's proposed summary does not state the measure's estimated cost or savings. The language is not only argumentative and likely to create prejudice, but is also factually inaccurate and should be wholly rejected by the Auditor.

Appendix A – No income tax states

All Data for Fiscal Year 2008, numbers in thousands

State	General Sales Tax Rate	State Taxes	General Sales Tax	Motor fuel, alcohol, tobacco, utility and other sales taxes (gaming etc.)	% from General Sales	% from Selective Sales	% from All Sales Taxes
Alaska	0.00%	8,424,714	-	279,569	0.0%	3.3%	3.3%
Alaska derives the majority of state revenue comes from oil royalties							
Florida	6.00%	35,849,998	21,518,100	7,778,923	60.0%	21.7%	81.7%
New Hampshire	0.00%	2,251,179	-	792,947	0.0%	35.2%	35.2%
New Hampshire derives significant revenues from corporate income taxes and state property taxes							
Nevada	6.90%	6,115,585	3,077,433	1,853,019	50.3%	30.3%	80.6%
Nevada derives significant (\$1.3 b) revenues from gaming taxes							
South Dakota	4.00%	1,321,368	732,438	339,814	55.4%	25.7%	81.1%
Tennessee	7.00%	11,538,430	6,832,948	1,779,434	59.2%	15.4%	74.6%
Texas	6.25%	44,675,953	21,668,972	11,696,220	48.5%	26.2%	74.7%
Washington	6.50%	17,959,833	11,344,622	3,056,046	63.2%	17.0%	80.2%
Wyoming	4.00%	2,404,843	981,198	134,663	40.8%	5.6%	46.4%
Wyoming derives significant (\$0.95b) revenues from mineral rights							
Missouri	4.225%	10,965,171	3,228,274	1,542,357	29.4%	14.1%	43.5%

Sources: <http://www2.census.gov/govs/estimate/08slsstab1a.xls> , <http://www2.census.gov/govs/estimate/08slsstab1b.xls> , http://dor.myflorida.com/dor/taxes/sales_tax.html , <http://tax.state.nv.us/pubs.htm> , <http://www.state.sd.us/drr2/businesstax/st/salestax.htm> , <http://www.window.state.tx.us/taxinfo/sales/> , http://dor.wa.gov/docs/forms/Excstx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf , <http://revenue.state.wy.us/portals/bvs/desktopdefault.aspx?tabindex=3&tabid=10>

Appendix B – Population Change in No Income Tax States

Territory	2000 Population	2009 Population	Population Growth	Faster (Slower) than United States Average
Alaska	626,932	698,473	11.41%	2.32%
Florida	15,982,378	18,537,969	15.99%	6.90%
Nevada	1,998,257	2,643,085	32.27%	23.18%
New Hampshire	1,235,786	1,324,575	7.18%	(1.91%)
South Dakota	754,844	812,383	7.62%	(1.47%)
Tennessee	5,689,283	6,296,254	10.67%	1.58%
Texas	20,851,820	24,782,302	18.85%	9.76%
Washington	5,894,121	6,664,195	13.07%	3.97%
Wyoming	493,782	544,270	10.22%	1.13%
United States	281,421,906	307,006,550	9.09%	
No-income-tax state average			14.37%	5.28%
No-income-tax state weighted-average			16.40%	7.30%
Missouri	5,595,211	5,987,580	7.01%	(2.08%)

Notes: 2009, July estimate

Sources: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-PH1&-ds_name=DEC_2000_SF1_U&-format=US-9, http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-T1-R&-ds_name=PEP_2009_EST&-redoLog=false&-format=US-40S&-mt_name=DEC_2000_SF1_U_GCTPH1_US9

The **State Auditor's office** summarizes the comments provided as follows:

It is the duty of the State Auditor to provide fair, unbiased fiscal notes and summaries for initiative petitions, estimating the fiscal impact of the initiative, and the office takes this responsibility seriously. But, it is also the office's responsibility to inform the voters when initiatives are so broad that the fiscal impact cannot reasonably be predicted. That is the case with this petition.

To assist in drafting the fiscal note and summary, the office received input from 22 public entities, and Mr. Marc H. Ellinger and Mr. James R. Moody provided information as a proponent and opponent of the proposals, respectively. The cost and savings estimates ranged from an unknown or no fiscal impact to a projected state budget shortfall in excess of \$1.02 billion.

The petition is dependent upon undefined variables related to legislative actions required and changes in consumer spending, none of which can be predicted at this time. Some of the legislative actions include, but are not limited to:

- The legislature must establish the specific sales tax rate, up to seven percent.
- The legislature must define "low income" for the purpose of issuing rebates, credits or prebates.
- The legislature must determine how to address tax credits in the event tax credits can no longer be redeemed.
- The legislature must determine what healthcare costs, if any, will be exempt from taxation.
- The legislature must establish a method for calculating and providing sales tax rebates, credits or prebates.
- The legislature must determine what additional tax exemptions, if any, will exist.
- The legislature must determine if senior citizens and the disabled are to continue receiving certain tax credits.
- The legislature must determine whether to collect delinquent taxes and pay tax refunds.

In addition to the legislative uncertainties, both proponents and opponents make wide-ranging assumptions regarding consumer spending which are not verifiable. Some of the unanswered questions regarding consumer spending include, but are not limited to:

- Whether the elimination of a state income tax will cause people to move into Missouri with a corresponding increase in the tax base.

- Whether the implementation of a "consumption tax" will lead citizens to move out of Missouri.
- Whether citizens living near a bordering state will avoid the sales tax by shopping across state lines if the bordering state has a lower sales tax.
- Whether Missourians will avoid the sales tax by buying more used items instead of new items.
- Whether Missourians will avoid the sales tax by shopping online instead of in state.
- Whether service providers will establish locations outside of Missouri to avoid a sales tax on services.

While the office discounts the dire predictions of state bankruptcy, predictions of little or no fiscal impact on the state are also difficult to support. While quantifying risks where possible is preferred, for the foregoing reasons, it would be inappropriate for the office to attempt to prospectively quantify the effects of this broad initiative.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Fiscal Note Summary

The total cost, savings, and/or change in tax revenue to state and local governmental entities cannot be determined. The proposal (1) requires a range of legislative action with unknown outcomes, and (2) will result in changes to consumer spending patterns that cannot be presently quantified.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-17)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received January 18, 2011)

Date

February 7, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

James R. Moody provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated that elimination of tax credits would have a negative impact on revenue for the Missouri Agricultural and Small Business Development Authority (MASBDA). Average annual revenues for the last four years (FY07-FY10) were \$286,135 per year. Therefore, it appears that MASBDA would realize \$143,070 in reduced revenues in FY 14. Reduced revenues in FY 15 and thereafter are estimated to equal \$286,135 per year.

Officials from the **Department of Economic Development** indicated they have reviewed Initiative Petitions 11-16, 11-17, 11-18, 11-19, 11-20, 11-22, and 11-23. Because there is no material difference among these proposals (hereinafter “this proposal”) as pertinent to the Department of Economic Development, we are submitting this combined memorandum. This proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual and eliminates the power of the General Assembly to enact such taxes, effective January 1, 2014. The repealed taxes are to be replaced with a sale and use tax of up to seven percent imposed on the purchase of goods and services by consumers, subject to a number of exemptions enacted in place of all current sales tax exemptions.

As impacts the Department of Economic Development, this proposal would eliminate the General Assembly’s power to authorize the issuance, approval or redemption of any tax credits to be applied against the taxes repealed by the proposal, which, as relevant to tax credits and other tax-based incentive programs, includes personal income and withholding taxes. This proposal further provides that no tax credits shall be authorized or issued to be applied to the repealed taxes after December 31, 2013. After June 30, 2016, no tax credits authorized by the General Assembly to be applied to any of the repealed taxes issued on or before December 31, 2013 shall be approved or redeemed. The department assumes that tax credits could continue to be redeemed against the remaining applicable taxes types, including the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes, which would remain intact under this proposal because they are not “measured by income or earnings of an individual.”¹

Finally, this proposal would repeal and prohibit the General Assembly from enacting any law authorizing any county or other political subdivision to impose a tax measured by

¹ This is in contrast to IP 11-15, which, as applicable to the taxes against which tax credits typically may be redeemed, leaves intact only the insurance premium tax.

earnings or income, unless the tax was imposed by a city prior to January 1, 2013. In addition, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under this proposal, without a mechanism for the local sales taxes to be replaced.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. The Department of Economic Development administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by prohibiting the redemption of such credits after June 30, 2016 against the now-repealed personal income tax. The department assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. The department also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature. The department also assumes that after June 30, 2016, tax credits could continue to be redeemed utilizing either of these two options to the extent applicable to the specific credit.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's

effective date through December 31, 2013, because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have—i.e. in advance of the 2016 redemption deadline—or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is likely to be litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from

the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund such projects are income-tax based, this proposal would jeopardize the financing for these projects by repealing the taxes generating the necessary revenues to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by taxes that would be repealed under this proposal, which could mean that the relevant local entity would default on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds would negatively impact not only the specific local entity but also the municipal bond market overall.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local

development projects. The department will defer to DOR for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** provided the following Calculation of Tax on Insurance Premiums from Initiative Petitions 11-15 thru 11-23.

Initiative Petition	Tax Rate	Incidence of tax on seller	Incidence of tax on buyer
		Gross Domestic Insurance Company Premiums* TAX YEAR 2009	Total Insurance Premiums TAX YEAR 2009
		\$768,761,954.49	\$12,634,241,702.02
11-15 thru 11-22	7%	\$53,813,336.81	\$884,396,919.14
11-23	4%	\$30,750,478.18	\$505,369,668.08

*Due to exemption proposed tax primarily collected from domestic insurance companies

ASSUMPTIONS/NOTES:

- 1) Numbers presented assume insurance product sales remain constant
- 2) Insurance product sales may be impacted if insurance premiums rise due to the proposed sales tax
- 3) Domestic insurance companies may re-domicile from Missouri to foreign states if the incidence of tax is on the seller, reducing the amount collected
- 4) If the general assembly does not exempt health insurance premiums as a benefit for individual healthcare, the total amount of insurance premiums subject to the proposed sales tax would increase by an estimated \$2,693,623,829 or \$10,943,678,671 respectively

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition as it appears to hold the department's Parks and Soil Sales Tax funds harmless.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department; however, they defer to the Office of Administration for the statewide impact.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$14,389,007 for fiscal year 2014.

The costs include increased:

Salaries-\$7,841,707

Fringe Benefits-\$4,104,349

Equipment and Expense-\$2,442,951

They said the proposal affects all state agencies that are funded by general revenues. It also affects all political subdivisions with local taxes. The department does not know whether this proposal was forwarded to all affected entities. It is unclear what the impact will be on small business.

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$102,396.

The value of the level of effort is calculated on 3864 FTE hours.

They said income tax revenue will decline and sales tax revenue must increase.

The department and ITSD-DOR will need to make programming changes to various tax systems.

Assumptions and methodology used in arriving at state fiscal impact:

Comments and Assumptions:

- The FTE impact for the processing area in fiscal year 2014 is based on a nine-month cycle. Personnel will be required to be fully trained as of January 1, 2014. The department will need to hire and begin training temporary staff in October 2013.

Personal Tax:

- For FY 12 – Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 13 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15 – Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax (July 2014 through December 2014). For the last six months of FY15 (January 2015 – June 2015), Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and

collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- The registration area would see an impact because including all services as a taxable product would greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
 - FY12 - No impact
 - FY13 - No impact
 - FY14 - Based on the presumption of doubling the number of businesses, for registration, contacts, collection effort –CATA will need an additional 88 temporary employees (CATA's FY09 sales use tax and registration FTE impact was 44) Training will begin in October of 2013.
 - FY15 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income, withholding and corporate tax accounts (this reduction will not be seen in this analysis as the period of the fiscal note ends in 2014).

Sales, Excise and Business Tax:

- The following impact is based upon the assumption that the workload for sales and use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., Business tax will need an additional 97 temporary employees for sales and use tax.
- The department assumes that although the new sales tax would go into effect January 1, 2014, current staff responsible for corporate tax, withholding tax and personal tax will not be available for reallocation until the last half of FY15, and even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 – No impact
 - FY 14 – Business tax will need 97 temporary employees. Training will begin in October of 2014. These would be temporary employees however, since they will be employed for nine months, benefits will be provided.
 - FY 15 – For the first half of the year Business tax will need the 97 temporary employees and for the second half Business tax will need 73 temporary employees. The reduction for the second half of FY15 is based upon the assumption that 25% of the permanent staff will now be available for reallocation – Rather than hire new temporary staff, which would require training the new staff; it would be more beneficial to retain the temporary employees. The employees would then be eligible for benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Corporate/Withholding Tax:

- For FY 12 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 13 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 14 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 15 – Corporate/Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) and 79% of existing staff in the Corporate Tax Section (19 out of 24 FTE) to continue the processing and collection duties of withholding and corporate tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in business tax area on a one-to-one basis.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. To conduct double that amount (4,700 sales and use tax audits), it would be necessary to double audit enforcement staff, including additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions would increase Field Compliance to 320 positions and a payroll of approximately \$14.0 million.
- Each additional employee would have start up costs which would include a new computer, file cabinet, desk, chair, side chair, calculator, and on-going supplies. The approximate cost for 160 new employees would be \$454,080. The travel and operating budget could potentially double by moving the budget from \$400,000 to potentially \$800,000. This would bring the approximate Expense and Equipment cost to approximately \$1.2 million.
- The department would need to expand and possibly move each in-state and out of state audit office facility to accommodate the increase in personnel. The estimated cost double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal:

- For FY12 – No impact
- For FY13 – No impact
- For FY14 – Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

Prebate:

Because the prebate will be provided by subsequent legislation, the department cannot determine what resources will be required with any certainty. But additional resources above those already identified will be required.

Comments:

- Eliminating the income tax would not “eliminate” the filing of returns. Individual income tax filers will file their 2013 calendar year returns after January 1, 2014. Individuals and businesses would continue to file amended returns for years to come and the Department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2014.
- The department is not clear whether the state would have the authority to require sellers to collect this tax. The legislation does not have similar language to current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does.
- The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state’s rights with respect to such taxes. The amendment is unclear as to whether such provisions are eliminated. If they are, that would mean that the state cannot assess, audit, or refund.
- No empirical basis appears to exist for setting the state sales tax rate at 7 percent and assuming that rate will generate the revenue that income-and asset-based taxes currently generate for general revenue.
- The department is unclear of the impact to taxes or refunds due, but not yet paid. Instead of repealing the laws on January 1, 2014, the department would recommend changing language to say: “For tax years beginning on or after January 1, 2014...” Also, the existing laws should remain in place in order to wrap up all old business.
- This proposal prevents any tax credit from being issued after December 31, 2013 and prevents any tax credit redemptions after June 30, 2016. This would impact many individuals who have credits that can be carried forward beyond FY2016.
- Without further action by the general assembly, every local taxing jurisdiction's sales tax could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.
- There is no provision provided in this petition which allows for rate adjustments.
- This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission. In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative

judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petitions do not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim an exemption, but would not be responsible for actually proving it was entitled to it.

The following are observations made by the department regarding the various exemptions:

- (1) Sales of personal property, which were transferred in a taxable transaction in another state before being brought into Missouri, are not exempt.
- (3) “Other similar intangible personal property held for investment purposes” is vague and will generate litigation.
- (4) Exempts sales of real property, but not rentals or leases of real property.
- (8) The terms “agricultural trade” and “agricultural business purposes” are vague and will generate litigation.
- (10) Exemption is broader than just purchases of healthcare items and services. It also includes any item purchased by a doctor or hospital for the benefit of any of its patients.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if adopted by the voters, will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals, with various exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1 (d) of both proposals would appear to leave intact such sales tax. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. Consequently, it appears that both proposals would have an impact on department funds, but it is unknown at this time whether the proposals would result in an increase or decrease of funds.

Officials from the **Department of Transportation** indicated the total estimated reduction in revenue on all state funds will be \$136 million for 2014, \$290 million for 2015, and \$298 million for 2016. Funds affected include the Road Fund, the Road Bond Fund, and the Transportation Fund. The total estimated reduction in revenue on all local funds will be \$18 million for 2014, \$31 million for 2015, and \$31 million for 2016.

This IP makes several changes to Missouri's current state taxation laws. The IP will have a significant negative impact to MoDOT. MoDOT's aviation jet fuel sales and motor fuel tax revenues would remain the same and would remain frozen at their current rates. MoDOT would lose a significant portion of its state revenue stream from the redirection of motor vehicle sales taxes to the General Revenue Fund.

The loss of revenue from motor vehicle sales and use taxes would also impact cities and counties as they receive a portion of the motor vehicle sales and use tax revenue stream.

The department also has concerns that the Missouri Highways and Transportation Commission would likely face a downgrade of its rating as it relates to its \$3.3 billion of outstanding State Road Bonds due to such a significant change in revenue for the department.

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the division should it be approved by the voters.

They made the following comments:

To replace foregone revenues the General Assembly shall enact a law imposing a sales tax not to exceed 7%. Revenues from this sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Prop. C), which shall be held harmless.
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit.
3. An unspecified rebate program for low income families. Because no details of the program are given in the proposal, Budget and Planning (BAP) cannot determine the potential cost. Further, the spending program would be subject to appropriation, the uncertainty of which could negatively influence consumer behavior.

BAP notes the possibility exists that the General Assembly is unable to enact a new sales tax law by January 1, 2014. In this case, given the repeal of the other major taxes listed above, the state would be left with very little revenue.

Because the existing sales tax law is repealed, many if not most of the existing sales taxes for numerous political subdivisions, including counties, cities, public safety districts, transportation development districts, and others are potentially nullified. The proposal does not specify a direct mechanism to replace the sales tax base or local revenues, although this could be addressed when the General Assembly enacts the new sales tax law required in Section 1(e). The DOR reports collections of \$2.298B in local sales tax revenues in FY 2010.

Calculating a Sales Tax Rate

The proposal calls for a 7% sales tax rate on a newly defined sales tax base. However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access. Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate.² Estimates from other groups, such as the Institute for Taxation and Economic Policy (ITEP) also suggest something greater than 11%.³

Estimating the Consumption Base

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US Department of Commerce Bureau of Economic Analysis (BEA's) national income and product account (NIPA) tables as reported by the BEA in December 2010,⁴ excluding items that are non-taxable under federal law or under the proposal. Also, BAP notes that the proposal's exemption for individual healthcare expenditures is broad and undefined until such time as the legislature defines it, so the actual health care exemption may be much different than the figure estimated below. Finally, BAP estimates the loss due to explicit avoidance activities, such as Internet purchases, traveling across state lines, or the purchase of used goods, as 10%; this figure is entirely arbitrary. Missouri expenditures are assumed to be 1.77% of national expenditures, based on Missouri portion of personal income in 2009 as reported by the BEA in December 2010.⁵ BAP estimates the consumption base to be \$89.719B as in Table 1. At the 7% rate codified in the proposal, this would generate a little over \$6.28B in revenues. However, if the General Assembly enacts a sales tax rate less than 7%, revenues would be reduced accordingly.

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal increases prices, via a new sales tax, for many products and services. These include but are not limited to food for home consumption, domestic utilities and telecommunications, rents, daycare providers, consumer legal and financial services, realty services, repair services, and personal care services.
- According to US Census Bureau data, roughly two-thirds of Missouri's population lives in a county bordering another state. The potential for retail sales

² http://www.showmeinstitute.org/docLib/20101215_income_taxes.pdf

³ <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

⁴ <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>

⁵ <http://www.bea.gov/regional/spi/drill.cfm>

leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.

- The growing use of electronic commerce will dampen the growth of easily taxable consumption.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families. This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$4.46 billion in state and local income taxes were deducted in tax year 2008.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,001.3
Net Used Motor Vehicles	2.4.5; 06	(104.1)
Motor Fuel	2.4.5; 36	(280.8)
Higher Education	2.4.5: 101	(145.5)
PK-12 Education	2.4.5: 102	(39.7)
Vocational Education	2.4.5: 103	(37.5)
Insurance Premiums	2.4.5: 90	(308.6)
Individual Healthcare	2.4.5: 60	(1,623.2)
Food Stamps (not taxable under federal law)	3.12: 021	(54.6)
Free checking & other financial services	2.4.5: 088	(271.2)
Rental Value of owner-occupied housing	2.4.5: 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5: 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5: 064	(45.1)
Foreign travel by US citizens	2.4.5: 109	(105.4)
Foreign travel into US	2.4.5: 110	124.5
US taxable base		5,639.3
MO share 1.77%:		99.816
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Assume 10% loss for avoidance, purchases of other used goods		(9.982)
Taxable Base		89.719
Revenues At 7% Rate		6,280,330,000

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. Finally, the table includes the replacement of existing motor vehicle sales taxes, which are currently dedicated to highway usage but which would have to be replaced in order to hold those funds harmless.

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of nearly \$1.02B when compared to revenue collections in FY 2010, the second year of revenues severely depressed by the national recession. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Further, this calculation does not take into account any spending needed to administer the rebate program described in section 1(i). To offset each additional \$897 million in spending, the sales tax rate would have to be raised 1%, according to the sales tax base calculated above.

Finally, this calculation does not take into account the potential need to replace \$2.298B in local sales tax revenues. An additional sales tax of 2.561% would be necessary.

Table 2.

Sources by Fiscal Year	2010
Individual Taxes	5,495,341,696
Individual Refunds	(1,050,238,448)
Property Tax Credit Refunds	(118,594,589)
Corporate Income Taxes	408,935,797
Corporate Income Refunds	(214,417,694)
GR Sales and Use Taxes	1,790,181,504
Sales Tax Refunds	(59,962,469)
SDTF General Taxes	704,439,710
SDTF Vehicle Taxes	28,304,001
Motor Vehicles Sales Taxes	193,298,505
Total	7,177,288,012
Circuit Breaker Replacement Program	118,594,589
Revenues to Be Replaced	7,295,882,601
Needed Rate:	8.132%

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2011.

⁷ Revenues are as reported in the DOR Annual Financial Reports, and the SAMII Data Warehouse.

FY 2011 General Revenue Budget (\$M)	
Foundation Formula	2,342
K-12 Transportation	84
Higher Ed Institutions	797
Scholarships	81
State Employee Health Care Plan	260
DMH/DHSS Community Programs	492
Medicaid	1,536
Corrections	593
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	348

Other Impacts

BAP indicated this proposal eliminates all of the tax credit incentive programs in the state. The proposal prohibits the issuance of income tax credits after 12/31/13, and prohibits the redemption of previously issued tax credits after 6/30/16. This would persuade current holders of tax credits who would have otherwise redeemed their credits after 6/30/16 to claim redemptions in an earlier fiscal year. BAP believes this would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system that is already inadequately funded by the 7% sales tax. Additionally, the state could not honor existing agreements for “streaming” tax credits authorized to be issued after 2013, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection and the complicated sales tax rebate system, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. BAP notes that this proposal directs all sales taxes to the general fund. Thus, this would supersede existing provisions in Article IV, Sec 30(b), which direct MV sales taxes to highway functions. While the sales tax rate on new vehicles would increase, the rate would be zero on used vehicles. This would create a strong incentive for consumers to forego purchases of new vehicles, which would

further adversely impact funding for road construction and maintenance. MODOT can provide a fuller discussion of such issues.

Other proposals

BAP indicated this response related to initiative petition 11-15.

BAP said the initiative petition requests 11-16 through 11-23 are similar in nature to 11-15, with variances in the technical aspects of the bills. These changes would alter the calculations above to some degree, but the main conclusions remain the same.

All proposals except 11-15 repeal only taxes on individual earnings, leaving corporate taxes intact.

Proposal 11-21 repeals the corporate franchise tax.

Proposal 11-22 provides a phased-in change to the tax system in two increments, while proposal 11-23 provides three increments.

Regarding education exemptions, proposal 11-16 does not exempt higher education, while proposal 11-17 exempts only higher education.

Proposal 11-18 omits the phrase “as provided by law” from the healthcare exemption.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Rockwood R-VI School District** indicated the district does not anticipate any increase in cost or savings as a result of this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

James R. Moody provided information as an opponent of this initiative petition.

Mr. Moody said he was retained by Missourians Against Higher Sales Taxes to provide a fiscal analysis of the proposed constitutional amendments that the State Auditor received regarding repealing the state income tax and other taxes and replacing them with a greatly expanded consumption tax.

Because the proponents have submitted nine separate petitions that are similar in most aspects, he said he is submitting this information as a single letter that is identical in addressing each of the nine petitions.

He said he will begin the analysis with some words of caution for the State Auditor, and suggestions for the questions that should be asked in every phase of the analysis. He said he believes that a sound analysis by the State Auditor's office will reach the conclusion that he has reached—that is, all of these petitions are fiscally untenable. They will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.

Part 1—Background and Overview

Beware Baiting and Switching

He provided the following overall comments:

As will be explained in the analysis below, proponents of the increased consumption tax have been using calculations that are simply wrong on their face. They have all

calculated a rate that is too low in determining the real consumption tax rate, primarily because they have overstated the taxable base subject to the increased consumption tax.

As the current proponents who submitted the initiative petitions have recognized that their assumed tax base has been too high, the proponents have recently began to put exemptions from the increased consumption tax into their proposals. This is either because the items cannot be taxed under federal law, or they view that their taxation would be electorally unpopular. The simple math is that exemptions from taxation lower the taxable base. The more tax exemptions assumed, the lower the tax base, and the higher the tax rate has to be. If the goal truly is to do this new tax in a way that replaces existing taxes, the higher tax rate has major ramifications to those taxed, particularly the lower and middle income classes.

The proponents deal with this phenomenon by either capping the tax rate at 7% (whether or not that generates adequate tax revenue to replace current tax revenues), and/or suggesting a “prebate”, although none of the proposals provide any funding for it.

The proponents would leave you to believe that you can have a reduced tax base, a relatively low and capped tax rate, and a prebate fully funded. That notion, however, is a pure fantasy, and a basic “bait and switch” tactic. The “bait and switch” would attempt to make you believe that these three components are not absolutely inter-related. The 7% cap is a gimmick to get around the significant problems with these initiative petitions.

Things To Consider In Developing The Fiscal Statement

He suggested the following items be considered as key aspects in the fiscal analysis:

- What goods and services are taxed;
- What is the rate applied to those goods and services that are taxed;
- Is there a “prebate”, and if so how much is it and who gets it;
- If the prebate is not given to every citizen, does the structure create “tax cliffs” and disadvantage the middle class;
- What exemptions are granted from the increased consumption tax;
- What happens if the calculations are wrong, both in the short term and the longer term?

He said as this work discusses the history of this proposal and the various attempts by consumption tax advocates at quantifying the fiscal impact in the past, please note that there are a number of significant variances between: 1) past legislative proposals to submit the expanded consumption tax to a vote of the people, and 2) what is contained in the initiative petitions that have been submitted to the Secretary of State. These include:

- Past proposals have envisioned the replacement of the individual income tax, the corporate income and franchise taxes, and the existing sales tax to be essentially revenue neutral. In the legislative proposals, there was a commission established to review the adequacy of the 5.11% calculation (he said his analysis will show that rate was inadequate) and to reset the rate if necessary. The proposed initiatives cap the

consumption tax at 7%, which is inadequate to replace the foregone revenues and provide funding for a prebate. The proposed initiatives do not pretend to be revenue neutral, nor to provide for any recalculation of the rate.

- The FairTax Book and the proponents of an expanded consumption tax have in the past called for a “prebate” (discuss below) to protect the poor and the middle class from this extremely regressive tax structure. While the initiatives call for the General Assembly to establish a prebate by law, there is no money set aside for this prebate with the 7% cap on the increased consumption tax. According to the Show-Me Institute, the prebate will cost at least \$2 billion.
- Article X, Section 18(e) calls for a vote of the people to raise taxes by more than approximately \$90 million. Therefore, to fund the prebate (if not funded by the current initiatives) would require the passage of a constitutional amendment by a statewide vote of the people to increase the consumption tax by about 3%.
If any of the initiatives submitted through these proposals is adopted by the voters, since there is no possible way to fund a prebate without another constitutional amendment, the tax burden will fall disproportionately on the lower-income and middle class population of the state.
- The legislative bills previously introduced called for an undefined exclusion from the consumption tax on services of “business to business transactions”. The initiative petitions contain no such exclusions, which means that all services will be subject to the expanded consumption tax. These proposals would tax the services of lawyers, doctors, accountants, architects, consultants, advertising agencies, and interior designers at the greater than 12% rate (explained below), as well as also taxing rents, food, utilities, telecommunications, print and video advertising, day care, beauty care and other similar services.
- Because Missouri borders eight other states, those providing services or consuming services will simply move across the border, or go across the border to sell or purchase goods or services that they desire to consume at a lower tax rate. No fiscal impact statement can be complete without including an estimate of these adverse impacts.
Rather than create some great economic movement in Missouri, the passage of any of these initiative petitions will out-migrate Missouri talent providing services and shift Missouri purchases to other states.
- A Show-Me Institute study shows that the increased economic activity generated by having a consumption tax instead of income taxes would take a generation to occur (if it does), and in the shorter term may result in a loss of economic activity.

He said in order to assist the analysis, he will provide his view of the “prebate” concept from the FairTax Book, discuss prior efforts at broadening the consumption tax that have been introduced in the Missouri General Assembly, and the calculation errors that existed in prior calculations by the proponents.

The Importance of the Prebate to the Consumption Tax Discussion

It is generally recognized that sales taxes tend to be regressive—that is, they place more of the relative tax burden on those at the lower and middle-income level, who spend a higher percentage of their income on items that are subject to sales tax.

A consumption tax that broadens the definition of the goods and services that are subject to a sales tax arguably is even more regressive, as the broadened base would include areas where poor and middle-class families and individuals spend most of their money. Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care. Low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax.

In response to the concern that an expanded consumption tax is regressive, the authors of the FairTax Book, Neil Boortz and John Linder, developed the concept of a payment received by all citizens to alleviate the regressive nature of the expanded consumption tax. This payment, which would be made at the beginning of each month, is called a “prebate”.

The prebate is important to this discussion for two reasons. The first is that the expanded consumption tax is incredibly regressive without this payment. The second is that the prebate adds to the cost of this proposal dramatically if it in fact is paid to all citizens and accounted for in the fiscal analysis. The FairTax Book envisioned that the prebate would be given to every citizen; the Joseph Haslag/Abhi Sivasailam calculation of the prebate referenced herein assumed the same.

He said please note that while he disagrees with Ms. Wahby’s calculation, as outlined below, she also did attempt to take the prebate into consideration in her calculation.

Boortz/Linder on the Prebate

He said while he understands the potentially devastating effects of an increased consumption tax on the poor, the lower income class and middle class working people, the concept of the necessity of a prebate (upfront monthly payment to all citizens to offset the impact on lower and middle income citizens) to address that problem was contained in the original The FairTax Book, authored by Neil Boortz and John Linder.

Here are some excerpts discussing the prebate from the FairTax Book:

“The folks who wrote the FairTax plan knew that burdening the poor with a 23 percent retail sales tax would doom the plan from the outset...its creators ensured that no one should ever have to pay the sales tax on the basic necessities of life. That’s why the prebate—the monthly check on all basic household necessities—was invented.

The size of the monthly prebate payment will be based on the government’s published poverty levels for various-sized households. The number is updated every year to keep up with inflation, so the work of calculating the size of the prebate is already done. Here’s an example of how the prebate payments would work in 2005.

Let's say your household consists of a married couple with two children. The FairTax Act sets forth a formula for computing the poverty level, based on government figures, which negates any marriage penalty. Under the FairTax Act, in 2005 your household would be granted an annual consumption allowance of \$25,660. This is the amount the government estimates you would spend during that one year to buy the necessities of life for your family. The sales tax on this amount would equal \$5,902. The government would rebate this amount to you in twelve equal monthly installments of just under \$492.

Now, it's clear that low-income Americans will be better off, much better off, under the Fair Tax Plan. They would have their income and payroll taxes abolished; they would receive their whole paycheck with no federal withholding; they would have the 22 percent tax costs that are currently embedded in everything they buy eliminated; and they would receive a payment each month to guarantee they could spend all of their money up to the poverty level and not lose one penny to taxes. Wow....

Now... bear in mind, the prebate isn't just for the poor. It's paid to everyone, rich and poor alike. The purpose here is to make sure that no American has to pay the FairTax on the basic necessities of life. Unlike the present income tax system, the FairTax treats each and every person in this country exactly the same."

Part 2--Prior Legislation and Consumption Tax Calculations

2009 Legislative Session—HJR 36 filed by Representative Ed Emery

House Joint Resolution 36 was introduced in the 2009 General Assembly by Representative Ed Emery. HJR 36 would have repealed the Missouri individual income tax, the corporate income tax, the corporate franchise tax, the bank franchise tax, and all existing state sales and use taxes, and would have replaced them with a broadened tax upon "all sales, use, or consumption of all new tangible personal property, rental property, or taxable services".

Under HJR 36, the rate of the tax is set at 5.11%. In the fiscal note, the Oversight Division notes that "Officials from the University of Missouri, Economic and Policy Analysis and Research Center (EPARC) assumed a previous version of the proposal would if enacted...taxes would be replaced with a state sales tax rate of 5.11%."

Upon reading the fiscal note, it would appear to the uninformed reader that someone in Missouri actually did a calculation that verified the 5.11% as a correct number for replacing these taxes. Further investigation tells us that was not in fact the case, and that the 5.11% was not adequate to replace all of the repealed taxes.

The 5.11% is a calculation prepared by Karen Wahby of Americans for Fair Taxation, based upon a prior study of the Fair Tax by the Beacon Hill Institute at Suffolk University in Suffolk, Massachusetts. (A copy of her original calculations attached). Her calculation to reach the 5.11% is as follows:

	(in millions)
Private Consumption	\$168,862
Federal Government Consumption	\$16,285
State Government Consumption	\$17,174
Total Consumption	\$202,321
less Prebate base (poverty level spending)	-\$42,931
plus nontaxable government spending adjustment	\$3,799
Total Mo Fair Tax Base	\$163,189
Fair Tax Base Excluding govt consumption (Line 2)	\$146,904
Revenues to be replaced	\$7,142

Tax Rates

Rate to replace revenues in line 11	4.58%
Rate to replace revenues in Line 11 excluding federal government consumption	5.11%

He said there are a number of problems with this calculation. Since this calculation was performed in January 2009, it is assumed that Ms. Wahby was utilizing the most recent revenues from Fiscal Year 2008 as the replacement number. However, the actual revenues that would need to be replaced are:

	<u>Net Rcpts</u> <u>FY2008</u> (in millions)
Individual Income tax	\$5,210
Sales tax (general revenue)	\$1,931
Sales tax (1.225% non GR)	\$955
Corporate income and franchise taxes	\$459
Total	\$8,555

In essence when Ms. Wahby solved for the FairTax rate at 5.11% she solved for the wrong revenue number. She only solved for \$7.142 billion when she should have solved for \$8.555 billion. He said please note that his numbers include the 1/8% conservation tax and the 1/10% park and soils sales tax. The Wahby calculation also does not take into account that there are items in the consumption base that cannot be taxed.

He said hence there was never a basis for the legislation that would have set the proposed consumption tax rate at 5.11%. It was an incorrect calculation that was validated in the fiscal note; the fiscal note was simply incorrect, and the 5.11% proposed rate was dramatically too low.

He said even though this calculation was simply wrong, it has become institutionalized in legislative proposals, including a bill recently introduced in the 2011 legislative session.

What Does The Prebate Cost?--The Show Me Institute Calculation of the Prebate

There have been varying estimates of the cost of the prebate in Missouri. The Missouri Budget Project calculated that the cost of the prebate would exceed \$3 billion. For the purpose of his analysis he said he will utilize the estimates of the prebate cost that were developed by Joseph Haslag and Abhi Sivasaliyam in a paper published by the Show-Me Institute on October 13, 2009 that was written in rebuttal of the \$3 billion calculation by the Missouri Budget Project.

Here is the calculation outlined in the paper by Haslag and Sivasaliyam:

“We estimate the number of families qualified for the rebate to be 2,626,800—the number of resident filers for Missouri’s individual income tax, as of 2007. Dividing Missouri’s population by the number of resident filers yields an average family size of 2.2. The federal poverty threshold approximation associated with a family of 2.2 is \$15,393, which—when multiplied by the sales tax rate—amounts to an average rebate value of \$786.58. Multiplying the rebate value by the number of rebates, we estimate the total cost of the rebate to be \$2,066,167,540.”

This paper also stated that, utilizing this prebate figure, the consumption tax would be 5.79%, as noted in further discussion below.

He provided comments on the prebate at this level:

- Exemptions from the taxable base raise the required tax rate. If the 5.79% rate goes higher due to exemptions from the tax base, the prebate rate needs to be higher. As the tax burden increases (due to exemptions), the payment to offset the impact of the increased tax rate also needs to increase, or lower income and middle-income citizens are disproportionately impacted.
- This prebate calculation by Haslag and Sivasaliyam does not address any local sales taxes. The proposed constitutional amendment requires local sales taxes to be adjusted to tax the same things as the increased consumption tax, and to adjust their rates accordingly. So the poor and working lower and middle class income citizens would have no prebate to offset the broadened base for local taxes.

The 2010 Legislative Session—HJR 56, HJR 71, SJR 29, SJR 36

In the 2010 General Assembly there were a number of bills similar to HJR 36 from the 2009 session that were introduced that called for an expanded consumption tax. These measures included HJR 56, introduced by Representative Ed Emery; HJR 71, introduced by Representative Andrew Koenig; SJR 29, introduced by Senator Chuck Purgason; and SJR 37, introduced by Senator Luann Ridgeway.

He said all of these measures continued to reference a tax rate of 5.11%, even though this number was clearly in error since its inception in the Karen Wahby calculation.

He said for the first time, one of the fiscal notes references the possibility that 5.11% is an incorrect number. The fiscal note states,

“..data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents and investment is difficult to access. What little literature is available on this subject suggests this rate is likely too low. For instance, the Show-Me Institute has calculated the rate to be 5.79%. Estimates from other groups, such as the Institute for Taxation and Economic Policy, range higher, as much as 12% or more. Assuming a 5.79% rate is correct, this proposal would be short of revenue neutrality by nearly 11.74%. Estimating lost individual income, sales tax, and corporate revenues at a very high \$7.1 B, this leads to a revenue shortfall of \$834 M.”

The Show-Me Institute’s 5.79% Calculation

The calculation of the consumption tax rate at 5.79% comes from a paper dated October 13, 2009 that was published by the Show-Me Institute. The paper was written by Joseph Haslag and Abhi Sivasailam.

Here is their calculation of the 5.79% rate. The paper states:

“The sum of the new government revenue necessary to replace the individual income, corporate income, and sales taxes is \$7,117,761,408 in fiscal 2009, according to the Department of Revenue. Further, the cost of the rebate program is \$2,066,167,540. Dividing this by personal consumption of \$158,531,333,333, we arrive at a revenue-neutral sales tax rate of 5.79 percent”.

Please note that the \$7,117,761,408 only accounts for the 3% general fund sales, and not the additional 1.225% that goes into earmarked funds.

He said the other major assumption is that the \$158 billion in personal consumption will all be subject to the increased consumption tax to make the rate 5.79%. Clearly there are items in the \$158 billion, as noted blow, that cannot be taxed.

Response by the Institute on Taxation and Economic Policy

In analyzing and critiquing the 5.79% calculation, the Institute on Taxation and Economic Policy (ITEP) notes that the personal consumption number of \$158 billion includes many expenditures that are either exempt from the increased consumption tax under the proposal (expenditures for higher education, for example) and other expenditures that arguably cannot be taxed under federal law (health care spending by the government, rental value of owner occupied housing, food stamps, spending by charities on behalf of individuals, interstate transportation, foreign travel).

This leads to the central question noted earlier in determining what is the correct consumption tax rate: 1) what is the base to be taxed, 2) what is the prebate, and 3) what is exempt from the consumption tax?

These are all factors that are necessary to determine what the correct tax rate is.

The United For Missouri Calculations

One of the proponents of the initiative petitions that have been filed is a group called United for Missouri, which is headed by former State Representative Carl Bearden. In a PowerPoint presented at the Associated Industries of Missouri (AIM) conference in the fall of 2010, Carl Bearden of United for Missouri showed a calculation of an increased consumption tax that would be capped at 7%.

The assumptions made by Bearden in his calculation are similar to many of the assumptions contained in the initiative petitions, and include:

- A rate capped at 7%.
- In order to replace the 3% general fund sales tax and the 1% Proposition C sales tax, the rate would have to be 6.75%.
- The 6.75% does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax; an additional .15% sales tax is required to replace them.
- This brings the rate to 6.9% (assuming their calculations are correct, which he said he is not conceding). The cap is 7% and the 6.9%, if correct, leaves virtually no funding for the prebate. So while the Bearden presentation calls for a prebate, he has already utilized all of the new consumption tax to replace current state revenues.
- If the Bearden calculation is incorrect, there is no review allowed or required to re-establish the rate. The state simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.

The Bearden calculation is as follows:

Missouri Personal Consumption Expenditures. \$166 Billion

- ✓ Less imputed rents \$19.9B
- ✓ Less health care paid by government \$15.1B
- ✓ Less insurance and imputed financial services \$5.5B
- ✓ Less motor vehicles \$4.7B
- ✓ Less motor fuels \$6.3B
- ✓ Less education (K-12, higher ed, vocational) \$3.1B
- ✓ Less non-profit and religious services \$6.9B
- ✓ Less purchases of new homes \$6.9B
- ✓ Less misc other adjustments \$3.4B

Estimated Tax Base \$107.7 Billion

The tax base Bearden assumes above, and a 6.75% tax rate, creates tax receipts of \$7.27 billion.

The Bearden calculation also does not account for this major exemption listed in the initiative petitions:

- Healthcare services paid for by non-governmental entities for individuals, which are specifically excluded from taxation by these initiative petitions;

Please note that the Bearden calculation excludes only government-sponsored health care payments (Medicare and Medicaid), while the initiative petitions exclude all healthcare expenditures from the increased consumption tax, which is a huge difference.

According to the Missouri Tax Expenditure Report for 2009 (available on the Office of Administration, Division of Budget and Planning website) prepared by the Economic and Policy Analysis Research Center at the University of Missouri-Columbia, the *foregone state tax revenues (at 3%)* of not taxing healthcare, prescription drugs, and non-prescription drugs is:

Medical Care	\$994.0 million
Prescription Drugs	\$184.9 million
Non-Prescription Drugs	\$ 22.7 million

The initiative petitions also do not define a healthcare expenditure for an individual, which is a huge potential loophole. Are non-prescription drugs a healthcare expenditure? The same question would apply to therapeutic massage therapy, weight loss expenditures for services not delivered by a licensed medical practitioner, and residential expenditures for elderly care in an assisted living facility.

In any case, the Bearden calculation, which if correct required a tax rate of 6.75% to replace current revenues, did not exempt health care expenditures from the taxable base. At a 3% tax rate, this new exemption would cost about \$1.2 billion in state tax revenues, and the proposed increased consumption tax rate is over double the current tax rate.

He said this healthcare exemption clearly leaves the state dramatically short of replacing existing tax revenues, and the other remaining problem is that there is no funding available for a prebate under the initiative petitions.

Part 3—Other Problems With The Proposed Initiative Petitions

Gaming Revenues

He said neither the nine initiative petitions nor the Bearden calculation excludes gaming revenues from the taxable base. Gaming revenues are currently taxed at a rate of 21% of the gaming company's adjusted gross receipts; imposing an additional sales tax of more than 12% on the revenues from these operations would make their tax rate nearly one-third of their adjusted gross receipts.

In addition, gaming companies pay a fee of \$2.00 per every two hours for patrons utilizing their services. These fees would also be subject to the additional consumption tax.

The base for the increased consumption tax calculation should either exclude the gaming taxes from the increased consumption tax, or the fiscal note should reflect that gaming companies will be double taxed.

Local Franchise Agreements/Taxing Internet Services

Many telecommunications and video service providers currently operate in local communities through agreements that call for franchise fees. The increased consumption tax called for by these initiative petitions repeals all current sales tax exemptions, and also requires local governments to recalculate their local sales tax rates to comply with the new Missouri Constitution defined consumption tax. He said when this occurs, any business collecting and paying taxes through a local franchise fee or a similar tax characterized as a local use tax will have to layer on top of that the dramatically higher consumption tax.

Taxation of internet services are specifically prohibited by federal law. While the initiative petitions exempt from taxation those items exempted from taxation by federal law, it is unclear whether the petition advocates understood that these specific services are exempt and must be removed from the calculation.

Tax Credits

He said the proponents' proposals on tax credits are very confusing. They propose to bar the authorization or issuance of any tax credits that would be taken against any tax repealed by section 1(a) or 1 (b) of the initiative. The state income tax and corporate income tax are repealed by section 1(b).

The petitions further state that after June 30, 2016, no tax credits approved or redeemed against taxes repealed under section 1(a) or 1(b).

This second section would appear to allow credits to be taken against these taxes until June 30, 2016, even though the taxes against which they may be taken are repealed on December 31, 2013, and therefore there would be no tax liability against which to take them.

The Low Income Housing Tax Credit is a 10% credit taken over 10 years, and the project must be completed before the developer can begin receiving the credit. There are 10-year low-income housing tax credits already approved, within the current year and future years, where the project will be completed (thereby vesting and earning the credits) that will exceed both of these dates. He said apparently the intent of this proposal is to take those tax credits away from their owners without compensation.

When considering only low-income housing tax credits that are earned and vested by January 1, 2014, tax credit investors alone will lose in the hundreds of millions of dollars without compensation.

He said it is questionable whether the courts would allow this to happen. However, if the investors are paid by the state or allowed a credit against the consumption tax liability owed by a taxpayer, the initiative petitions run into the same problem as with other items discussed. All funds will have already been committed to other uses, and there will not be adequate funds to pay for these liabilities.

He said if funds are spent on tax credits after the passage of any of the initiative petitions, they take away from the available funds to replace current taxes, which are already inadequate to allow current state services to continue, as the analysis has shown.

Part 4—The “Economic Engine” Myth

He said proponents of the increased consumption tax laud the fact that replacing income taxes with consumption taxes will energize enormous economic growth. He suggested more research is needed, and in particular reference a publication by proponents of the increased consumption tax.

He suggested reading an article for the Show-Me Institute dated December 15, 2010 entitled Income Taxes vs. Sales Taxes: A Welfare Comparisons, written by Grant Casteel and Joseph Haslag.

Among the excerpts from the article he pointed out the following quotes:

“However, we also show that if people value current consumption enough relative to future consumption, they prefer the income tax regime to the sales tax regime.”

“When a sales tax policy is implemented, consumer spending declines.”

“After about a generation’s worth of time, people are happier under the sales tax policy than under the income tax policy.”

He said even by the proponents’ own statements, the short term impact of an increased consumption tax is that consumer spending declines, which will make tax revenues decline.

Part 5—What Is The Real Fiscal Impact Of These Proposals

What Is The Correct Calculation

He said the analysis shows that there are many factors that will impact the rate of the increased consumption tax if passed by the voters. Please note that while local sales tax

rates vary by city or county, the highest rates tend to be in the most populous areas, and therefore the majority of the citizens will pay at the very highest local rates.

He said the voters should know the correct tax rate before they vote on this radical and understudied concept. Here is the most reasonable calculation to use to show the proper rate if this proposal were to pass:

Tax Rate Required To Replace Current Taxes (with exemptions as provided in petitions)	9.00%
Tax Rate To Replace Conservation And Parks and Soils	.25%
Estimated Average Local Tax Rate With New Base	2.75%
Total Tax Rate For Expanded Consumption Tax (without prebate)	12.00%
Tax Rate To Provide For Prebate	3.00%
Total Tax Rate Providing for Prebate	15.00%

Suggested Ballot Language

He said he believes that all nine ballot petitions are fatally flawed. They do not generate adequate revenues to replace the current revenues they purport to replace, nor to provide for a prebate.

Although the initiative petitions call for the establishment of a prebate by law, there is no money available to fund the prebate at a number calculated by Joseph Haslag and Abhi Sivasailam (which would be too low because the tax rate will be higher than what they calculated). An additional constitutional amendment would have to be placed in front of the voters that would increase the consumption tax rate by approximately 3%.

He suggested the following fiscal note wording:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Marc H. Ellinger provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment to Article X of the Missouri Constitution, version 3a:

Executive Summary

Ellinger indicated he has submitted nine different and unique versions of a constitutional amendment to Article X. The analysis and review of any one version cannot be used as a template or, as Mr. Moody suggests, a carbon copy review of the other versions. The taxes repealed and the period of time of such repeal is different across the various petitions. This fact alone precludes a single letter or concept analysis of the fiscal impact of any version. Moreover, the exemptions from the new tax differ in the versions, further compounding the logical failure of any analysis seeking to review all of the versions together, including Moody's letter. This proposed statement of fiscal impact addresses only Version 3a, pursuant to Section 116.175, RSMo, and 15 CSR 40-5.010 (4) (C), (D), and (E).

Summary of Version 3a

- Repeals the individual income tax (January 1, 2014);
- Repeals current sales and uses taxes (January 1, 2014);
- Preserves the Parks and Soils and Conservations Sales Tax as they currently exist;
- Requires the general assembly to impose and levy a tax on sales to individuals and services provided to individuals (January 1, 2014) at a rate not to exceed 7%;
- Specifically exempts sales and services which have previously been taxed; services rendered by an employee for an employer; intangible personal property held for investment purposes; sales of real property; sales of motor fuel; tuition and fees of higher education; insurance premiums and products; property and services used for agriculture; sales or services to or for the benefit of political subdivisions, businesses or charitable organizations; sales or services for the benefit of an individual's healthcare (as provided for by law); sales made through the use of federal food stamp coupons; sales under the supplemental feeding for women, infants and children program; sales exempted from state taxation under federal programs; non-proprietary sales or services performed by political subdivisions; sales which the state is prohibited from taxing; and any other sale or service exempted by the General Assembly;
- Requires the general assembly to provide a rebate or credit to be applied to the taxable purchases by low income individuals; and
- Allows county or political subdivision to broaden the base of existing taxes, licenses, or fees, with voter approval.

Proposed Statement of Fiscal Impact for Version 3a

The total cost or savings to state or local governmental entities is unknown. Most state governmental entities estimate no costs, however, some state governmental entities may have unquantified indirect costs. It is estimated this proposal will have no costs or savings to local governmental entities.

Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero in FY 2013 and unknown in FY 2014. The net effect on state funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on state funds in FY 2014 is unknown. While the individual income tax, and current sales tax are repealed, the new sales tax generally replaces the lost revenue. The net effect on local funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on local funds in FY 2014 is also zero since political subdivisions are given an option to recalculate their tax rates and apply the new rate to an expanded base.

ESTIMATED NET EFFECT ON STATE FUNDS (in thousands)		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	unknown
Total Estimated Net Effect on All State Funds	\$0	unknown
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

The proposed amendment would neither establish a new program or agency nor duplicate an existing program or agency.

The proposed amendment is not a federal mandate.

No new program or agency is being created; therefore, there is no new program or agency that will have a direct fiscal impact on any political subdivision of the state.

No new physical facilities will be required by the proposed amendment.

The proposed amendment will have a positive economic impact on small businesses in FY 2014 and going forward. Small business owners and S Corporations will no longer pay state income tax. Small businesses would be exempt from paying the replacement sales tax. The proposed amendment will result in a significant positive economic impact on small businesses, and it is likely that at least some of the cost savings will be passed onto consumers.

Response to letter from Mr. James R. Moody

It is unclear whether the letter dated January 24, 2011 is in response to this specific proposed amendment or whether it is a general response to “Fair Tax” ideas. The letter consults numerous sources that are irrelevant and immaterial to the proposed amendment. 15 CSR 40-5.010 (4)(C) requires that the proposed statement of fiscal impact “be limited to the estimated fiscal impact of the proposed measure.” The letter also makes numerous misstatements about the contents and effect of the proposed amendment. This response serves to clarify what should be considered by the Auditor’s office in preparing the fiscal statement and to clarify the substance and effect of the proposed amendment.

Moody references a number of items which can be addressed first, generally. The numbers and analyses of past legislative proposals should be disregarded. Moody’s discussion of the substance of these proposals and their fiscal impact has no bearing on the proposed amendment. The proposed amendment is significantly different than any past legislation. Moody’s discussion of these proposals is irrelevant to the fiscal impact of the proposed amendment.

Moody also presents numbers and analyses from a book titled “Fair Tax,” a study by the Show-Me Institute, and reports from the Missouri Budget Project and United for Missouri. Moody’s discussion of these studies has no bearing on the proposed amendment. None of these studies were conducted on the proposed amendment or pertain directly to the provisions of the proposed amendment (as required by 15 CSR40-5.010(4)(C), (D), and (E)). The proposed amendment is not called the “fair tax” and the ideas and opinions in any fair tax books or made concerning prior fair tax proposals are not analyses of the fiscal impact of the proposed amendment before the Auditor. The Show-Me Institute study is not a study of our proposal. As the author, Joe Haslag, has stated, the study focused on a fictional model economy and was never meant to represent any version of tax reform under consideration. The study was published on December 15, 2010 and is not an analysis of the proposals that were filed on January 14, 2011. Moody’s discussion of the substance of any proposed tax schemes from these sources and their fiscal impact is irrelevant to the fiscal impact of the proposed amendment, and therefore Moody’s comments and discussion regarding these sources should be disregarded.

With respect to Moody’s more specific points, each of which will be addressed in the order presented, Moody makes several statements about the proposed amendment which are factually inaccurate. Moody also makes several assertions of fact and offers his own fiscal analysis, yet none of the assertions or any evidence or authority supports the numbers offered by Moody. Finally, much of the evidence actually tends to disprove the statements made by Moody.

Moody claims that the petitions “will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.” The proposed amendment will neither bankrupt the state nor the poor. Examples of other states with no income taxes demonstrate the feasibility of the proposed amendment. *See* Appendix A.

With respect to the cost of any “prebate,” Moody turns to a number of sources that are irrelevant to the proposed amendment, as discussed above. The proposed amendment requires the General Assembly to provide “a rebate or credit to be applied to the taxable purchases by low income individuals, as defined by the general assembly.” Version 3a, Section 1(i). The low income rebate or credit is mandated by the proposed amendment. While the size and scope of such a rebate or credit are subject to debate, the General Assembly is mandated to create such a system and thus protect the interests of low income individuals in Missouri. In addition, Moody claims that funding a prebate “would require the passage of a constitutional amendment” and that the “tax burden will fall disproportionately on the lower-income and middle class population of the state.” However, Moody provides no evidence of analysis to support his claims about the size of the rebate or the distribution of the taxes paid by income group relative to the proposed amendment.

Moody claims that the initiative petitions contain no exclusion for “business to business transactions.” This is factually inaccurate. The proposed amendment states that the “general assembly shall enact a law...imposing and levying a tax on all sales to individuals and on all services provided to individuals[.]” Version 3a, Section 1(e)(1). The proposed amendment also defines “Sales” as “any transfer exchange, or barter, conditional or otherwise, to an individual[.]” Version 3a, Section 1(g)(1). The proposed amendment defines “Services” as “all activities for the benefit, use or consumption of an individual[.]” Version 3a, Section 1(g)(2). Finally Section 1(f)(9) of Version 3a specifically exempts business to business transactions. That section reads, in part, “Sales or services to or for the benefit of...a business...and the sale of service is in furtherance of the purpose of...a business[.]” Moody’s statement that there is no exclusion for “business to business transactions” is simply wrong.

Moody suggests that the proposed amendment “will out-migrate Missouri talent providing services and shift Missouri purchases to other states.” While some individuals may choose to purchase goods elsewhere near the border because of lower sales taxes in neighboring states, this impact shall be offset by individuals who chose to move into the state of Missouri because of lower income taxes (0%) and lower costs of doing business (0% sales tax on business to business transactions). It is impossible to accurately estimate the net impact on individual behavior. However, the experience of other states shows that states with no income tax have experienced more rapid population growth than states with an income tax. There is no evidence that a broad consumption tax leads to an exodus of individuals from a state. *See Appendix B.*

Moody makes the claim that “it is generally recognized that sales taxes tend to be regressive” but provides no authority for such claim, nor does he provide any authority or evidence that the tax under the proposed amendment would “tend to be regressive.”

Moody alleges that low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax. Moody fails to recognize that under the proposed amendment, the Medicaid benefits, supplemental nutrition program benefits and a multitude of services from not-for-profit

and religious organizations received by low-income individuals are all exempt from the sales tax under the proposed amendment. See, e.g., Version 3a, Section 1(f)(9)-(13), (15). Furthermore, the general assembly may choose to exempt other sales or services under Section 1(f)(16).

Moody utilizes “United for Missouri” calculations, and points out that the rate of tax estimated by United for Missouri “does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax.” He states that “an additional .15% sales tax is required to replace them.” The proposed amendment does not repeal the conservation sales tax or the parks and soils sales tax. See Version 3a, Section 1(d) (“All laws imposing sales and use taxes, and exemptions thereto...are repealed...except any taxes imposed by Article IV, Sections 43(a) and 47(a) or any taxes provided for by Article IV, Section 30(a)[.]”). Thus any calculation suggesting these taxes need to be “replaced” is inherently flawed.

Moody suggests that under the proposed amendment “[t]he State simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.” However, as the fiscal analysis of the proposed amendment above demonstrates, the fiscal impact in FY 2013 zero and in FY 2014 is unknown.

Moody claims that “United for Missouri’s” calculations are flawed because they do not account for “the major exemption” of healthcare services. Version 3a, Section 1(f)(10) exempts “Sales or services for the benefit of any individual’s healthcare as may be provided by law.” Therefore, healthcare services paid for by non-governmental entities for individuals are included in the tax base of the proposed amendment. Healthcare sales or services may be exempted by the General Assembly, as provided by law. Moody himself states that healthcare would be taxed on page 4 of his remarks. (“*Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care.*”)

Moody states that the proposed amendment does not exclude “gaming revenues” from the taxable base. Moody is correct that gaming revenues are currently taxed at a rate of 21%. Section 313.822, RSMo, provides “A tax is imposed on the adjusted gross receipts received from gambling games authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent.” The tax in the proposed amendment is not on “adjusted gross receipts” but rather, is “on all sales to individuals and on all services provided to individuals[.]” Version 3a, Section 1(e)(1). Gaming revenues and the admission fee are neither sales to individuals nor services provided to individuals and are thus not included in the taxable base under the proposed amendment.

Moody also states that the proposed amendment “requires local government to recalculate their local sales tax rates[.]” This is simply untrue. Version 3a, Section 1(j)(1) states “Effective January 1, 2014, any county or political subdivision may broaden the base of an existing tax, license or fee, only with the approval of the majority of the qualified voters[.]”

Moody suggests that the corporate income tax is repealed by the proposed amendment. This is inaccurate. The corporate income tax is not repealed by the proposed amendment. Version 3a, Section 1(b) repeals “Any law...that imposes a tax...that is on or measured by the income or earnings of an individual” effective January 1, 2014.

Moody also takes issue with the tax credit provisions of the proposed amendments, stating that tax credit investors will lose hundreds of millions of dollars without compensation. Version 3a, Section 1(a)(3), provides that the general assembly shall not have the power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied to the individual income tax or sales tax except as provided in the proposed amendment. Section 1(c) provides that no tax credits shall be authorized or issued after 2013 to be applied to the individual income tax. Section 1(c) also provides that any tax credits authorized or issued prior to 2013 can be approved or redeemed (and applied to individual income tax) until June 30, 2016. Even after 2016, tax credits can be applied against other taxes, including: the corporate income tax, the franchise tax, the bank tax, the insurance premium tax, the other financial institutions tax, the express companies tax. Specifically, those with low income housing tax credits can redeem (or sell such credits to others who can redeem) such credits against the corporate franchise tax, the financial institution tax, and the insurance company premium tax. Furthermore, nothing in this measure if passed would restrict the ability of the General Assembly as provided by law from offering the current equivalent of such benefits, in a form other than tax credits, directly by general law.

Moody suggests that the proposed amendment relies on an “economic engine” myth. However, our fiscal analysis assumes no dynamic effect on GDP growth. When projecting the state GDP we rely on national GDP estimates from the CBO. Since both our tax base projections and the projections of revenues eliminated by our measure are driven by the size of the future state GDP, our fiscal impact notes are in effect immunized to varying assumptions about changes in GDP. There is however evidence that over long periods of time, states with no income tax experience faster economic growth. *See* Appendix B.

Moody suggests that “increased consumption tax” will decrease consumer spending. Again, he offers no evidence or authority for this claim. It is possible to theorize that raising taxes on consumption would decrease consumption. However, it is also important to recognize that by our estimates, the proposed amendment adds \$5.7 billion (2014) dollars of what would normally be collected as individual income tax into the pockets of Missouri consumers. This additional spending power should translate into additional consumption offsetting potential declines from imposing a broad consumption tax.

Finally, Moody offers the “Real Fiscal Impact” of the proposed amendment. His analysis is flawed. First, the Conservation and Parks and Soils Taxes are not repealed by the proposed amendment. Second, local municipalities are not required to recalculate their tax rates. Moody also fails to account for the unique differences of Version 3a, specifically Moody fails to assess how no elementary and secondary education tuition and fee exemption will affect the costs or savings to the state. He suggests that a tax rate

of 9% will be required to replace current taxes, yet offers no explanation or evidence for how that rate was calculated. None of the no-income tax states in the United States have a sales tax rate that exceeds 7%. *See* Appendix A.

Finally Moody suggests the following fiscal impact statement:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Moody has not demonstrated that seven percent is inadequate to replace current state revenues. He has not demonstrated a shifting tax burden. His argument about tax credits is inaccurate as explained above. Similarly, his explanation of the taxable base contains factual inaccuracies. Section 116.174.3, RSMo, requires that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities. The fiscal note summary shall contain no more than fifty words, excluding articles, which shall summarize the fiscal note in language neither argumentative nor likely to create prejudice either for or against the proposed measure." Moody's proposed summary does not state the measure's estimated cost or savings. The language is not only argumentative and likely to create prejudice, but is also factually inaccurate and should be wholly rejected by the Auditor.

Appendix A – No income tax states

All Data for Fiscal Year 2008, numbers in thousands

State	General Sales Tax Rate	State Taxes	General Sales Tax	Motor fuel, alcohol, tobacco, utility and other sales taxes (gaming etc.)	% from General Sales	% from Selective Sales	% from All Sales Taxes
Alaska	0.00%	8,424,714	-	279,569	0.0%	3.3%	3.3%
Alaska derives the majority of state revenue comes from oil royalties							
Florida	6.00%	35,849,998	21,518,100	7,778,923	60.0%	21.7%	81.7%
New Hampshire	0.00%	2,251,179	-	792,947	0.0%	35.2%	35.2%
New Hampshire derives significant revenues from corporate income taxes and state property taxes							
Nevada	6.90%	6,115,585	3,077,433	1,853,019	50.3%	30.3%	80.6%
Nevada derives significant (\$1.3 b) revenues from gaming taxes							
South Dakota	4.00%	1,321,368	732,438	339,814	55.4%	25.7%	81.1%
Tennessee	7.00%	11,538,430	6,832,948	1,779,434	59.2%	15.4%	74.6%
Texas	6.25%	44,675,953	21,668,972	11,696,220	48.5%	26.2%	74.7%
Washington	6.50%	17,959,833	11,344,622	3,056,046	63.2%	17.0%	80.2%
Wyoming	4.00%	2,404,843	981,198	134,663	40.8%	5.6%	46.4%
Wyoming derives significant (\$0.95b) revenues from mineral rights							
Missouri	4.225%	10,965,171	3,228,274	1,542,357	29.4%	14.1%	43.5%

Sources: <http://www2.census.gov/govs/estimate/08slsstab1a.xls> , <http://www2.census.gov/govs/estimate/08slsstab1b.xls> , http://dor.myflorida.com/dor/taxes/sales_tax.html , <http://tax.state.nv.us/pubs.htm> , <http://www.state.sd.us/drr2/businesstax/st/salestax.htm> , <http://www.window.state.tx.us/taxinfo/sales/> , http://dor.wa.gov/docs/forms/Excstx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf , <http://revenue.state.wy.us/portals/bvs/desktopdefault.aspx?tabindex=3&tabid=10>

Appendix B – Population Change in No Income Tax States

Territory	2000 Population	2009 Population	Population Growth	Faster (Slower) than United States Average
Alaska	626,932	698,473	11.41%	2.32%
Florida	15,982,378	18,537,969	15.99%	6.90%
Nevada	1,998,257	2,643,085	32.27%	23.18%
New Hampshire	1,235,786	1,324,575	7.18%	(1.91%)
South Dakota	754,844	812,383	7.62%	(1.47%)
Tennessee	5,689,283	6,296,254	10.67%	1.58%
Texas	20,851,820	24,782,302	18.85%	9.76%
Washington	5,894,121	6,664,195	13.07%	3.97%
Wyoming	493,782	544,270	10.22%	1.13%
United States	281,421,906	307,006,550	9.09%	
No-income-tax state average			14.37%	5.28%
No-income-tax state weighted-average			16.40%	7.30%
Missouri	5,595,211	5,987,580	7.01%	(2.08%)

Notes: 2009, July estimate

Sources: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-PH1&-ds_name=DEC_2000_SF1_U&-format=US-9, http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-T1-R&-ds_name=PEP_2009_EST&-redoLog=false&-format=US-40S&-mt_name=DEC_2000_SF1_U_GCTPH1_US9

The **State Auditor's office** summarizes the comments provided as follows:

It is the duty of the State Auditor to provide fair, unbiased fiscal notes and summaries for initiative petitions, estimating the fiscal impact of the initiative, and the office takes this responsibility seriously. But, it is also the office's responsibility to inform the voters when initiatives are so broad that the fiscal impact cannot reasonably be predicted. That is the case with this petition.

To assist in drafting the fiscal note and summary, the office received input from 22 public entities, and Mr. Marc H. Ellinger and Mr. James R. Moody provided information as a proponent and opponent of the proposals, respectively. The cost and savings estimates ranged from an unknown or no fiscal impact to a projected state budget shortfall in excess of \$1.02 billion.

The petition is dependent upon undefined variables related to legislative actions required and changes in consumer spending, none of which can be predicted at this time. Some of the legislative actions include, but are not limited to:

- The legislature must establish the specific sales tax rate, up to seven percent.
- The legislature must define "low income" for the purpose of issuing rebates, credits or prebates.
- The legislature must determine how to address tax credits in the event tax credits can no longer be redeemed.
- The legislature must determine what healthcare costs, if any, will be exempt from taxation.
- The legislature must establish a method for calculating and providing sales tax rebates, credits or prebates.
- The legislature must determine what additional tax exemptions, if any, will exist.
- The legislature must determine if senior citizens and the disabled are to continue receiving certain tax credits.
- The legislature must determine whether to collect delinquent taxes and pay tax refunds.

In addition to the legislative uncertainties, both proponents and opponents make wide-ranging assumptions regarding consumer spending which are not verifiable. Some of the unanswered questions regarding consumer spending include, but are not limited to:

- Whether the elimination of a state income tax will cause people to move into Missouri with a corresponding increase in the tax base.

- Whether the implementation of a "consumption tax" will lead citizens to move out of Missouri.
- Whether citizens living near a bordering state will avoid the sales tax by shopping across state lines if the bordering state has a lower sales tax.
- Whether Missourians will avoid the sales tax by buying more used items instead of new items.
- Whether Missourians will avoid the sales tax by shopping online instead of in state.
- Whether service providers will establish locations outside of Missouri to avoid a sales tax on services.

While the office discounts the dire predictions of state bankruptcy, predictions of little or no fiscal impact on the state are also difficult to support. While quantifying risks where possible is preferred, for the foregoing reasons, it would be inappropriate for the office to attempt to prospectively quantify the effects of this broad initiative.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Fiscal Note Summary

The total cost, savings, and/or change in tax revenue to state and local governmental entities cannot be determined. The proposal (1) requires a range of legislative action with unknown outcomes, and (2) will result in changes to consumer spending patterns that cannot be presently quantified.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-18)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received January 18, 2011)

Date

February 7, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

James R. Moody provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated that elimination of tax credits would have a negative impact on revenue for the Missouri Agricultural and Small Business Development Authority (MASBDA). Average annual revenues for the last four years (FY07-FY10) were \$286,135 per year. Therefore, it appears that MASBDA would realize \$143,070 in reduced revenues in FY 14. Reduced revenues in FY 15 and thereafter are estimated to equal \$286,135 per year.

Officials from the **Department of Economic Development** indicated they have reviewed Initiative Petitions 11-16, 11-17, 11-18, 11-19, 11-20, 11-22, and 11-23. Because there is no material difference among these proposals (hereinafter “this proposal”) as pertinent to the Department of Economic Development, we are submitting this combined memorandum. This proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual and eliminates the power of the General Assembly to enact such taxes, effective January 1, 2014. The repealed taxes are to be replaced with a sale and use tax of up to seven percent imposed on the purchase of goods and services by consumers, subject to a number of exemptions enacted in place of all current sales tax exemptions.

As impacts the Department of Economic Development, this proposal would eliminate the General Assembly’s power to authorize the issuance, approval or redemption of any tax credits to be applied against the taxes repealed by the proposal, which, as relevant to tax credits and other tax-based incentive programs, includes personal income and withholding taxes. This proposal further provides that no tax credits shall be authorized or issued to be applied to the repealed taxes after December 31, 2013. After June 30, 2016, no tax credits authorized by the General Assembly to be applied to any of the repealed taxes issued on or before December 31, 2013 shall be approved or redeemed. The department assumes that tax credits could continue to be redeemed against the remaining applicable taxes types, including the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes, which would remain intact under this proposal because they are not “measured by income or earnings of an individual.”¹

Finally, this proposal would repeal and prohibit the General Assembly from enacting any law authorizing any county or other political subdivision to impose a tax measured by

¹ This is in contrast to IP 11-15, which, as applicable to the taxes against which tax credits typically may be redeemed, leaves intact only the insurance premium tax.

earnings or income, unless the tax was imposed by a city prior to January 1, 2013. In addition, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under this proposal, without a mechanism for the local sales taxes to be replaced.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. The Department of Economic Development administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by prohibiting the redemption of such credits after June 30, 2016 against the now-repealed personal income tax. The department assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. The department also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature. The department also assumes that after June 30, 2016, tax credits could continue to be redeemed utilizing either of these two options to the extent applicable to the specific credit.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's

effective date through December 31, 2013, because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have—i.e. in advance of the 2016 redemption deadline—or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is likely to be litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from

the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund such projects are income-tax based, this proposal would jeopardize the financing for these projects by repealing the taxes generating the necessary revenues to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by taxes that would be repealed under this proposal, which could mean that the relevant local entity would default on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds would negatively impact not only the specific local entity but also the municipal bond market overall.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local

development projects. The department will defer to DOR for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** provided the following Calculation of Tax on Insurance Premiums from Initiative Petitions 11-15 thru 11-23.

		Incidence of tax on seller	Incidence of tax on buyer
Initiative Petition	Tax Rate	Gross Domestic Insurance Company Premiums* TAX YEAR 2009	Total Insurance Premiums TAX YEAR 2009
		\$768,761,954.49	\$12,634,241,702.02
11-15 thru 11-22	7%	\$53,813,336.81	\$884,396,919.14
11-23	4%	\$30,750,478.18	\$505,369,668.08

*Due to exemption proposed tax primarily collected from domestic insurance companies

ASSUMPTIONS/NOTES:

- 1) Numbers presented assume insurance product sales remain constant
- 2) Insurance product sales may be impacted if insurance premiums rise due to the proposed sales tax
- 3) Domestic insurance companies may re-domicile from Missouri to foreign states if the incidence of tax is on the seller, reducing the amount collected
- 4) If the general assembly does not exempt health insurance premiums as a benefit for individual healthcare, the total amount of insurance premiums subject to the proposed sales tax would increase by an estimated \$2,693,623,829 or \$10,943,678,671 respectively

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition as it appears to hold the department's Parks and Soil Sales Tax funds harmless.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department; however, they defer to the Office of Administration for the statewide impact.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$14,389,007 for fiscal year 2014.

The costs include increased:

Salaries-\$7,841,707

Fringe Benefits-\$4,104,349

Equipment and Expense-\$2,442,951

They said the proposal affects all state agencies that are funded by general revenues. It also affects all political subdivisions with local taxes. The department does not know whether this proposal was forwarded to all affected entities. It is unclear what the impact will be on small business.

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$102,396.

The value of the level of effort is calculated on 3864 FTE hours.

They said income tax revenue will decline and sales tax revenue must increase.

The department and ITSD-DOR will need to make programming changes to various tax systems.

Assumptions and methodology used in arriving at state fiscal impact:

Comments and Assumptions:

- The FTE impact for the processing area in fiscal year 2014 is based on a nine-month cycle. Personnel will be required to be fully trained as of January 1, 2014. The department will need to hire and begin training temporary staff in October 2013.

Personal Tax:

- For FY 12 – Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 13 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15 – Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax (July 2014 through December 2014). For the last six months of FY15 (January 2015 – June 2015), Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and

collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- The registration area would see an impact because including all services as a taxable product would greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
 - FY12 - No impact
 - FY13 - No impact
 - FY14 - Based on the presumption of doubling the number of businesses, for registration, contacts, collection effort –CATA will need an additional 88 temporary employees (CATA's FY09 sales use tax and registration FTE impact was 44) Training will begin in October of 2013.
 - FY15 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income, withholding and corporate tax accounts (this reduction will not be seen in this analysis as the period of the fiscal note ends in 2014).

Sales, Excise and Business Tax:

- The following impact is based upon the assumption that the workload for sales and use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., Business tax will need an additional 97 temporary employees for sales and use tax.
- The department assumes that although the new sales tax would go into effect January 1, 2014, current staff responsible for corporate tax, withholding tax and personal tax will not be available for reallocation until the last half of FY15, and even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 – No impact
 - FY 14 – Business tax will need 97 temporary employees. Training will begin in October of 2014. These would be temporary employees however, since they will be employed for nine months, benefits will be provided.
 - FY 15 – For the first half of the year Business tax will need the 97 temporary employees and for the second half Business tax will need 73 temporary employees. The reduction for the second half of FY15 is based upon the assumption that 25% of the permanent staff will now be available for reallocation – Rather than hire new temporary staff, which would require training the new staff; it would be more beneficial to retain the temporary employees. The employees would then be eligible for benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Corporate/Withholding Tax:

- For FY 12 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 13 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 14 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 15 – Corporate/Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) and 79% of existing staff in the Corporate Tax Section (19 out of 24 FTE) to continue the processing and collection duties of withholding and corporate tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in business tax area on a one-to-one basis.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. To conduct double that amount (4,700 sales and use tax audits), it would be necessary to double audit enforcement staff, including additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions would increase Field Compliance to 320 positions and a payroll of approximately \$14.0 million.
- Each additional employee would have start up costs which would include a new computer, file cabinet, desk, chair, side chair, calculator, and on-going supplies. The approximate cost for 160 new employees would be \$454,080. The travel and operating budget could potentially double by moving the budget from \$400,000 to potentially \$800,000. This would bring the approximate Expense and Equipment cost to approximately \$1.2 million.
- The department would need to expand and possibly move each in-state and out of state audit office facility to accommodate the increase in personnel. The estimated cost double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal:

- For FY12 – No impact
- For FY13 – No impact
- For FY14 – Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

Prebate:

Because the prebate will be provided by subsequent legislation, the department cannot determine what resources will be required with any certainty. But additional resources above those already identified will be required.

Comments:

- Eliminating the income tax would not “eliminate” the filing of returns. Individual income tax filers will file their 2013 calendar year returns after January 1, 2014. Individuals and businesses would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2014.
- The department is not clear whether the state would have the authority to require sellers to collect this tax. The legislation does not have similar language to current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does.
- The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state’s rights with respect to such taxes. The amendment is unclear as to whether such provisions are eliminated. If they are, that would mean that the state cannot assess, audit, or refund.
- No empirical basis appears to exist for setting the state sales tax rate at 7 percent and assuming that rate will generate the revenue that income-and asset-based taxes currently generate for general revenue.
- The department is unclear of the impact to taxes or refunds due, but not yet paid. Instead of repealing the laws on January 1, 2014, the department would recommend changing language to say: “For tax years beginning on or after January 1, 2014...” Also, the existing laws should remain in place in order to wrap up all old business.
- This proposal prevents any tax credit from being issued after December 31, 2013 and prevents any tax credit redemptions after June 30, 2016. This would impact many individuals who have credits that can be carried forward beyond FY2016.
- Without further action by the general assembly, every local taxing jurisdiction's sales tax could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.
- There is no provision provided in this petition which allows for rate adjustments.
- This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission. In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative

judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petitions do not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim an exemption, but would not be responsible for actually proving it was entitled to it.

The following are observations made by the department regarding the various exemptions:

- (1) Sales of personal property, which were transferred in a taxable transaction in another state before being brought into Missouri, are not exempt.
- (3) “Other similar intangible personal property held for investment purposes” is vague and will generate litigation.
- (4) Exempts sales of real property, but not rentals or leases of real property.
- (8) The terms “agricultural trade” and “agricultural business purposes” are vague and will generate litigation.
- (10) Exemption is broader than just purchases of healthcare items and services. It also includes any item purchased by a doctor or hospital for the benefit of any of its patients.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if adopted by the voters, will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals, with various exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1 (d) of both proposals would appear to leave intact such sales tax. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. Consequently, it appears that both proposals would have an impact on department funds, but it is unknown at this time whether the proposals would result in an increase or decrease of funds.

Officials from the **Department of Transportation** indicated the total estimated reduction in revenue on all state funds will be \$136 million for 2014, \$290 million for 2015, and \$298 million for 2016. Funds affected include the Road Fund, the Road Bond Fund, and

the Transportation Fund. The total estimated reduction in revenue on all local funds will be \$18 million for 2014, \$31 million for 2015, and \$31 million for 2016.

This IP makes several changes to Missouri's current state taxation laws. The IP will have a significant negative impact to MoDOT. MoDOT's aviation jet fuel sales and motor fuel tax revenues would remain the same and would remain frozen at their current rates. MoDOT would lose a significant portion of its state revenue stream from the redirection of motor vehicle sales taxes to the General Revenue Fund.

The loss of revenue from motor vehicle sales and use taxes would also impact cities and counties as they receive a portion of the motor vehicle sales and use tax revenue stream.

The department also has concerns that the Missouri Highways and Transportation Commission would likely face a downgrade of its rating as it relates to its \$3.3 billion of outstanding State Road Bonds due to such a significant change in revenue for the department.

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the division should it be approved by the voters.

They made the following comments:

To replace foregone revenues the General Assembly shall enact a law imposing a sales tax not to exceed 7%. Revenues from this sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Prop. C), which shall be held harmless.
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit.
3. An unspecified rebate program for low income families. Because no details of the program are given in the proposal, Budget and Planning (BAP) cannot determine the potential cost. Further, the spending program would be subject to appropriation, the uncertainty of which could negatively influence consumer behavior.

BAP notes the possibility exists that the General Assembly is unable to enact a new sales tax law by January 1, 2014. In this case, given the repeal of the other major taxes listed above, the state would be left with very little revenue.

Because the existing sales tax law is repealed, many if not most of the existing sales taxes for numerous political subdivisions, including counties, cities, public safety districts, transportation development districts, and others are potentially nullified. The proposal does not specify a direct mechanism to replace the sales tax base or local revenues, although this could be addressed when the General Assembly enacts the new sales tax

law required in Section 1(e). The DOR reports collections of \$2.298B in local sales tax revenues in FY 2010.

Calculating a Sales Tax Rate

The proposal calls for a 7% sales tax rate on a newly defined sales tax base. However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access. Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate.² Estimates from other groups, such as the Institute for Taxation and Economic Policy (ITEP) also suggest something greater than 11%.³

Estimating the Consumption Base

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US Department of Commerce Bureau of Economic Analysis (BEA's) national income and product account (NIPA) tables as reported by the BEA in December 2010,⁴ excluding items that are non-taxable under federal law or under the proposal. Also, BAP notes that the proposal's exemption for individual healthcare expenditures is broad and undefined until such time as the legislature defines it, so the actual health care exemption may be much different than the figure estimated below. Finally, BAP estimates the loss due to explicit avoidance activities, such as Internet purchases, traveling across state lines, or the purchase of used goods, as 10%; this figure is entirely arbitrary. Missouri expenditures are assumed to be 1.77% of national expenditures, based on Missouri portion of personal income in 2009 as reported by the BEA in December 2010.⁵ BAP estimates the consumption base to be \$89.719B as in Table 1. At the 7% rate codified in the proposal, this would generate a little over \$6.28B in revenues. However, if the General Assembly enacts a sales tax rate less than 7%, revenues would be reduced accordingly.

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal increases prices, via a new sales tax, for many products and services. These include but are not limited to food for home consumption, domestic utilities and telecommunications, rents, daycare providers, consumer

² http://www.showmeinstitute.org/docLib/20101215_income_taxes.pdf

³ <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

⁴ <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>

⁵ <http://www.bea.gov/regional/spi/drill.cfm>

legal and financial services, realty services, repair services, and personal care services.

- According to US Census Bureau data, roughly two-thirds of Missouri's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families. This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$4.46 billion in state and local income taxes were deducted in tax year 2008.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,001.3
Net Used Motor Vehicles	2.4.5; 06	(104.1)
Motor Fuel	2.4.5; 36	(280.8)
Higher Education	2.4.5: 101	(145.5)
PK-12 Education	2.4.5: 102	(39.7)
Vocational Education	2.4.5: 103	(37.5)
Insurance Premiums	2.4.5: 90	(308.6)
Individual Healthcare	2.4.5: 60	(1,623.2)
Food Stamps (not taxable under federal law)	3.12: 021	(54.6)
Free checking & other financial services	2.4.5: 088	(271.2)
Rental Value of owner-occupied housing	2.4.5: 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5: 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5: 064	(45.1)
Foreign travel by US citizens	2.4.5: 109	(105.4)
Foreign travel into US	2.4.5: 110	124.5
US taxable base		5,639.3
MO share 1.77%:		99.816
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Assume 10% loss for avoidance, purchases of other used goods		(9.982)
Taxable Base		89.719
Revenues At 7% Rate		6,280,330,000

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. Finally, the table includes the replacement of existing motor vehicle sales taxes, which are currently dedicated to highway usage but which would have to be replaced in order to hold those funds harmless.

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of nearly \$1.02B when compared to revenue collections in FY 2010, the second year of revenues severely depressed by the national recession. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Further, this calculation does not take into account any spending needed to administer the rebate program described in section 1(i). To offset each additional \$897 million in spending, the sales tax rate would have to be raised 1%, according to the sales tax base calculated above.

Finally, this calculation does not take into account the potential need to replace \$2.298B in local sales tax revenues. An additional sales tax of 2.561% would be necessary.

Table 2.

Sources by Fiscal Year	2010
Individual Taxes	5,495,341,696
Individual Refunds	(1,050,238,448)
Property Tax Credit Refunds	(118,594,589)
Corporate Income Taxes	408,935,797
Corporate Income Refunds	(214,417,694)
GR Sales and Use Taxes	1,790,181,504
Sales Tax Refunds	(59,962,469)
SDTF General Taxes	704,439,710
SDTF Vehicle Taxes	28,304,001
Motor Vehicles Sales Taxes	193,298,505
Total	7,177,288,012
Circuit Breaker Replacement Program	118,594,589
Revenues to Be Replaced	7,295,882,601
Needed Rate:	8.132%

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2011.

⁷ Revenues are as reported in the DOR Annual Financial Reports, and the SAMII Data Warehouse.

FY 2011 General Revenue Budget (\$M)	
Foundation Formula	2,342
K-12 Transportation	84
Higher Ed Institutions	797
Scholarships	81
State Employee Health Care Plan	260
DMH/DHSS Community Programs	492
Medicaid	1,536
Corrections	593
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	348

Other Impacts

BAP indicated this proposal eliminates all of the tax credit incentive programs in the state. The proposal prohibits the issuance of income tax credits after 12/31/13, and prohibits the redemption of previously issued tax credits after 6/30/16. This would persuade current holders of tax credits who would have otherwise redeemed their credits after 6/30/16 to claim redemptions in an earlier fiscal year. BAP believes this would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system that is already inadequately funded by the 7% sales tax. Additionally, the state could not honor existing agreements for “streaming” tax credits authorized to be issued after 2013, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection and the complicated sales tax rebate system, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. BAP notes that this proposal directs all sales taxes to the general fund. Thus, this would supersede existing provisions in Article IV, Sec 30(b), which direct MV sales taxes to highway functions. While the sales tax rate on new vehicles would increase, the rate would be zero on used vehicles. This would create a strong incentive for consumers to forego purchases of new vehicles, which would

further adversely impact funding for road construction and maintenance. MODOT can provide a fuller discussion of such issues.

Other proposals

BAP indicated this response related to initiative petition 11-15.

BAP said the initiative petition requests 11-16 through 11-23 are similar in nature to 11-15, with variances in the technical aspects of the bills. These changes would alter the calculations above to some degree, but the main conclusions remain the same.

All proposals except 11-15 repeal only taxes on individual earnings, leaving corporate taxes intact.

Proposal 11-21 repeals the corporate franchise tax.

Proposal 11-22 provides a phased-in change to the tax system in two increments, while proposal 11-23 provides three increments.

Regarding education exemptions, proposal 11-16 does not exempt higher education, while proposal 11-17 exempts only higher education.

Proposal 11-18 omits the phrase “as provided by law” from the healthcare exemption.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Rockwood R-VI School District** indicated the district does not anticipate any increase in cost or savings as a result of this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

James R. Moody provided information as an opponent of this initiative petition.

Mr. Moody said he was retained by Missourians Against Higher Sales Taxes to provide a fiscal analysis of the proposed constitutional amendments that the State Auditor received regarding repealing the state income tax and other taxes and replacing them with a greatly expanded consumption tax.

Because the proponents have submitted nine separate petitions that are similar in most aspects, he said he is submitting this information as a single letter that is identical in addressing each of the nine petitions.

He said he will begin the analysis with some words of caution for the State Auditor, and suggestions for the questions that should be asked in every phase of the analysis. He said he believes that a sound analysis by the State Auditor's office will reach the conclusion that he has reached—that is, all of these petitions are fiscally untenable. They will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.

Part 1—Background and Overview

Beware Baiting and Switching

He provided the following overall comments:

As will be explained in the analysis below, proponents of the increased consumption tax have been using calculations that are simply wrong on their face. They have all

calculated a rate that is too low in determining the real consumption tax rate, primarily because they have overstated the taxable base subject to the increased consumption tax.

As the current proponents who submitted the initiative petitions have recognized that their assumed tax base has been too high, the proponents have recently began to put exemptions from the increased consumption tax into their proposals. This is either because the items cannot be taxed under federal law, or they view that their taxation would be electorally unpopular. The simple math is that exemptions from taxation lower the taxable base. The more tax exemptions assumed, the lower the tax base, and the higher the tax rate has to be. If the goal truly is to do this new tax in a way that replaces existing taxes, the higher tax rate has major ramifications to those taxed, particularly the lower and middle income classes.

The proponents deal with this phenomenon by either capping the tax rate at 7% (whether or not that generates adequate tax revenue to replace current tax revenues), and/or suggesting a “prebate”, although none of the proposals provide any funding for it.

The proponents would leave you to believe that you can have a reduced tax base, a relatively low and capped tax rate, and a prebate fully funded. That notion, however, is a pure fantasy, and a basic “bait and switch” tactic. The “bait and switch” would attempt to make you believe that these three components are not absolutely inter-related. The 7% cap is a gimmick to get around the significant problems with these initiative petitions.

Things To Consider In Developing The Fiscal Statement

He suggested the following items be considered as key aspects in the fiscal analysis:

- What goods and services are taxed;
- What is the rate applied to those goods and services that are taxed;
- Is there a “prebate”, and if so how much is it and who gets it;
- If the prebate is not given to every citizen, does the structure create “tax cliffs” and disadvantage the middle class;
- What exemptions are granted from the increased consumption tax;
- What happens if the calculations are wrong, both in the short term and the longer term?

He said as this work discusses the history of this proposal and the various attempts by consumption tax advocates at quantifying the fiscal impact in the past, please note that there are a number of significant variances between: 1) past legislative proposals to submit the expanded consumption tax to a vote of the people, and 2) what is contained in the initiative petitions that have been submitted to the Secretary of State. These include:

- Past proposals have envisioned the replacement of the individual income tax, the corporate income and franchise taxes, and the existing sales tax to be essentially revenue neutral. In the legislative proposals, there was a commission established to review the adequacy of the 5.11% calculation (he said his analysis will show that rate was inadequate) and to reset the rate if necessary. The proposed initiatives cap the

consumption tax at 7%, which is inadequate to replace the foregone revenues and provide funding for a prebate. The proposed initiatives do not pretend to be revenue neutral, nor to provide for any recalculation of the rate.

- The FairTax Book and the proponents of an expanded consumption tax have in the past called for a “prebate” (discuss below) to protect the poor and the middle class from this extremely regressive tax structure. While the initiatives call for the General Assembly to establish a prebate by law, there is no money set aside for this prebate with the 7% cap on the increased consumption tax. According to the Show-Me Institute, the prebate will cost at least \$2 billion.
- Article X, Section 18(e) calls for a vote of the people to raise taxes by more than approximately \$90 million. Therefore, to fund the prebate (if not funded by the current initiatives) would require the passage of a constitutional amendment by a statewide vote of the people to increase the consumption tax by about 3%.
If any of the initiatives submitted through these proposals is adopted by the voters, since there is no possible way to fund a prebate without another constitutional amendment, the tax burden will fall disproportionately on the lower-income and middle class population of the state.
- The legislative bills previously introduced called for an undefined exclusion from the consumption tax on services of “business to business transactions”. The initiative petitions contain no such exclusions, which means that all services will be subject to the expanded consumption tax. These proposals would tax the services of lawyers, doctors, accountants, architects, consultants, advertising agencies, and interior designers at the greater than 12% rate (explained below), as well as also taxing rents, food, utilities, telecommunications, print and video advertising, day care, beauty care and other similar services.
- Because Missouri borders eight other states, those providing services or consuming services will simply move across the border, or go across the border to sell or purchase goods or services that they desire to consume at a lower tax rate. No fiscal impact statement can be complete without including an estimate of these adverse impacts.
Rather than create some great economic movement in Missouri, the passage of any of these initiative petitions will out-migrate Missouri talent providing services and shift Missouri purchases to other states.
- A Show-Me Institute study shows that the increased economic activity generated by having a consumption tax instead of income taxes would take a generation to occur (if it does), and in the shorter term may result in a loss of economic activity.

He said in order to assist the analysis, he will provide his view of the “prebate” concept from the FairTax Book, discuss prior efforts at broadening the consumption tax that have been introduced in the Missouri General Assembly, and the calculation errors that existed in prior calculations by the proponents.

The Importance of the Prebate to the Consumption Tax Discussion

It is generally recognized that sales taxes tend to be regressive—that is, they place more of the relative tax burden on those at the lower and middle-income level, who spend a higher percentage of their income on items that are subject to sales tax.

A consumption tax that broadens the definition of the goods and services that are subject to a sales tax arguably is even more regressive, as the broadened base would include areas where poor and middle-class families and individuals spend most of their money. Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care. Low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax.

In response to the concern that an expanded consumption tax is regressive, the authors of the FairTax Book, Neil Boortz and John Linder, developed the concept of a payment received by all citizens to alleviate the regressive nature of the expanded consumption tax. This payment, which would be made at the beginning of each month, is called a “prebate”.

The prebate is important to this discussion for two reasons. The first is that the expanded consumption tax is incredibly regressive without this payment. The second is that the prebate adds to the cost of this proposal dramatically if it in fact is paid to all citizens and accounted for in the fiscal analysis. The FairTax Book envisioned that the prebate would be given to every citizen; the Joseph Haslag/Abhi Sivasailam calculation of the prebate referenced herein assumed the same.

He said please note that while he disagrees with Ms. Wahby’s calculation, as outlined below, she also did attempt to take the prebate into consideration in her calculation.

Boortz/Linder on the Prebate

He said while he understands the potentially devastating effects of an increased consumption tax on the poor, the lower income class and middle class working people, the concept of the necessity of a prebate (upfront monthly payment to all citizens to offset the impact on lower and middle income citizens) to address that problem was contained in the original The FairTax Book, authored by Neil Boortz and John Linder.

Here are some excerpts discussing the prebate from the FairTax Book:

“The folks who wrote the FairTax plan knew that burdening the poor with a 23 percent retail sales tax would doom the plan from the outset...its creators ensured that no one should ever have to pay the sales tax on the basic necessities of life. That’s why the prebate—the monthly check on all basic household necessities—was invented.

The size of the monthly prebate payment will be based on the government’s published poverty levels for various-sized households. The number is updated every year to keep up with inflation, so the work of calculating the size of the prebate is already done. Here’s an example of how the prebate payments would work in 2005.

Let's say your household consists of a married couple with two children. The FairTax Act sets forth a formula for computing the poverty level, based on government figures, which negates any marriage penalty. Under the FairTax Act, in 2005 your household would be granted an annual consumption allowance of \$25,660. This is the amount the government estimates you would spend during that one year to buy the necessities of life for your family. The sales tax on this amount would equal \$5,902. The government would rebate this amount to you in twelve equal monthly installments of just under \$492.

Now, it's clear that low-income Americans will be better off, much better off, under the Fair Tax Plan. They would have their income and payroll taxes abolished; they would receive their whole paycheck with no federal withholding; they would have the 22 percent tax costs that are currently embedded in everything they buy eliminated; and they would receive a payment each month to guarantee they could spend all of their money up to the poverty level and not lose one penny to taxes. Wow....

Now... bear in mind, the prebate isn't just for the poor. It's paid to everyone, rich and poor alike. The purpose here is to make sure that no American has to pay the FairTax on the basic necessities of life. Unlike the present income tax system, the FairTax treats each and every person in this country exactly the same."

Part 2--Prior Legislation and Consumption Tax Calculations

2009 Legislative Session—HJR 36 filed by Representative Ed Emery

House Joint Resolution 36 was introduced in the 2009 General Assembly by Representative Ed Emery. HJR 36 would have repealed the Missouri individual income tax, the corporate income tax, the corporate franchise tax, the bank franchise tax, and all existing state sales and use taxes, and would have replaced them with a broadened tax upon "all sales, use, or consumption of all new tangible personal property, rental property, or taxable services".

Under HJR 36, the rate of the tax is set at 5.11%. In the fiscal note, the Oversight Division notes that "Officials from the University of Missouri, Economic and Policy Analysis and Research Center (EPARC) assumed a previous version of the proposal would if enacted...taxes would be replaced with a state sales tax rate of 5.11%."

Upon reading the fiscal note, it would appear to the uninformed reader that someone in Missouri actually did a calculation that verified the 5.11% as a correct number for replacing these taxes. Further investigation tells us that was not in fact the case, and that the 5.11% was not adequate to replace all of the repealed taxes.

The 5.11% is a calculation prepared by Karen Wahby of Americans for Fair Taxation, based upon a prior study of the Fair Tax by the Beacon Hill Institute at Suffolk University in Suffolk, Massachusetts. (A copy of her original calculations attached). Her calculation to reach the 5.11% is as follows:

	(in millions)
Private Consumption	\$168,862
Federal Government Consumption	\$16,285
State Government Consumption	\$17,174
Total Consumption	\$202,321
less Prebate base (poverty level spending)	-\$42,931
plus nontaxable government spending adjustment	\$3,799
Total Mo Fair Tax Base	\$163,189
Fair Tax Base Excluding govt consumption (Line 2)	\$146,904
Revenues to be replaced	\$7,142

Tax Rates

Rate to replace revenues in line 11	4.58%
Rate to replace revenues in Line 11 excluding federal government consumption	5.11%

He said there are a number of problems with this calculation. Since this calculation was performed in January 2009, it is assumed that Ms. Wahby was utilizing the most recent revenues from Fiscal Year 2008 as the replacement number. However, the actual revenues that would need to be replaced are:

	<u>Net Rcpts</u> <u>FY2008</u> (in millions)
Individual Income tax	\$5,210
Sales tax (general revenue)	\$1,931
Sales tax (1.225% non GR)	\$955
Corporate income and franchise taxes	\$459
Total	\$8,555

In essence when Ms. Wahby solved for the FairTax rate at 5.11% she solved for the wrong revenue number. She only solved for \$7.142 billion when she should have solved for \$8.555 billion. He said please note that his numbers include the 1/8% conservation tax and the 1/10% park and soils sales tax. The Wahby calculation also does not take into account that there are items in the consumption base that cannot be taxed.

He said hence there was never a basis for the legislation that would have set the proposed consumption tax rate at 5.11%. It was an incorrect calculation that was validated in the fiscal note; the fiscal note was simply incorrect, and the 5.11% proposed rate was dramatically too low.

He said even though this calculation was simply wrong, it has become institutionalized in legislative proposals, including a bill recently introduced in the 2011 legislative session.

What Does The Prebate Cost?--The Show Me Institute Calculation of the Prebate

There have been varying estimates of the cost of the prebate in Missouri. The Missouri Budget Project calculated that the cost of the prebate would exceed \$3 billion. For the purpose of his analysis he said he will utilize the estimates of the prebate cost that were developed by Joseph Haslag and Abhi Sivasaliyam in a paper published by the Show-Me Institute on October 13, 2009 that was written in rebuttal of the \$3 billion calculation by the Missouri Budget Project.

Here is the calculation outlined in the paper by Haslag and Sivasaliyam:

“We estimate the number of families qualified for the rebate to be 2,626,800—the number of resident filers for Missouri’s individual income tax, as of 2007. Dividing Missouri’s population by the number of resident filers yields an average family size of 2.2. The federal poverty threshold approximation associated with a family of 2.2 is \$15,393, which—when multiplied by the sales tax rate—amounts to an average rebate value of \$786.58. Multiplying the rebate value by the number of rebates, we estimate the total cost of the rebate to be \$2,066,167,540.”

This paper also stated that, utilizing this prebate figure, the consumption tax would be 5.79%, as noted in further discussion below.

He provided comments on the prebate at this level:

- Exemptions from the taxable base raise the required tax rate. If the 5.79% rate goes higher due to exemptions from the tax base, the prebate rate needs to be higher. As the tax burden increases (due to exemptions), the payment to offset the impact of the increased tax rate also needs to increase, or lower income and middle-income citizens are disproportionately impacted.
- This prebate calculation by Haslag and Sivasaliyam does not address any local sales taxes. The proposed constitutional amendment requires local sales taxes to be adjusted to tax the same things as the increased consumption tax, and to adjust their rates accordingly. So the poor and working lower and middle class income citizens would have no prebate to offset the broadened base for local taxes.

The 2010 Legislative Session—HJR 56, HJR 71, SJR 29, SJR 36

In the 2010 General Assembly there were a number of bills similar to HJR 36 from the 2009 session that were introduced that called for an expanded consumption tax. These measures included HJR 56, introduced by Representative Ed Emery; HJR 71, introduced by Representative Andrew Koenig; SJR 29, introduced by Senator Chuck Purgason; and SJR 37, introduced by Senator Luann Ridgeway.

He said all of these measures continued to reference a tax rate of 5.11%, even though this number was clearly in error since its inception in the Karen Wahby calculation.

He said for the first time, one of the fiscal notes references the possibility that 5.11% is an incorrect number. The fiscal note states,

“..data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents and investment is difficult to access. What little literature is available on this subject suggests this rate is likely too low. For instance, the Show-Me Institute has calculated the rate to be 5.79%. Estimates from other groups, such as the Institute for Taxation and Economic Policy, range higher, as much as 12% or more. Assuming a 5.79% rate is correct, this proposal would be short of revenue neutrality by nearly 11.74%. Estimating lost individual income, sales tax, and corporate revenues at a very high \$7.1 B, this leads to a revenue shortfall of \$834 M.”

The Show-Me Institute’s 5.79% Calculation

The calculation of the consumption tax rate at 5.79% comes from a paper dated October 13, 2009 that was published by the Show-Me Institute. The paper was written by Joseph Haslag and Abhi Sivasailam.

Here is their calculation of the 5.79% rate. The paper states:

“The sum of the new government revenue necessary to replace the individual income, corporate income, and sales taxes is \$7,117,761,408 in fiscal 2009, according to the Department of Revenue. Further, the cost of the rebate program is \$2,066,167,540. Dividing this by personal consumption of \$158,531,333,333, we arrive at a revenue-neutral sales tax rate of 5.79 percent”.

Please note that the \$7,117,761,408 only accounts for the 3% general fund sales, and not the additional 1.225% that goes into earmarked funds.

He said the other major assumption is that the \$158 billion in personal consumption will all be subject to the increased consumption tax to make the rate 5.79%. Clearly there are items in the \$158 billion, as noted blow, that cannot be taxed.

Response by the Institute on Taxation and Economic Policy

In analyzing and critiquing the 5.79% calculation, the Institute on Taxation and Economic Policy (ITEP) notes that the personal consumption number of \$158 billion includes many expenditures that are either exempt from the increased consumption tax under the proposal (expenditures for higher education, for example) and other expenditures that arguably cannot be taxed under federal law (health care spending by the government, rental value of owner occupied housing, food stamps, spending by charities on behalf of individuals, interstate transportation, foreign travel).

This leads to the central question noted earlier in determining what is the correct consumption tax rate: 1) what is the base to be taxed, 2) what is the prebate, and 3) what is exempt from the consumption tax?

These are all factors that are necessary to determine what the correct tax rate is.

The United For Missouri Calculations

One of the proponents of the initiative petitions that have been filed is a group called United for Missouri, which is headed by former State Representative Carl Bearden. In a PowerPoint presented at the Associated Industries of Missouri (AIM) conference in the fall of 2010, Carl Bearden of United for Missouri showed a calculation of an increased consumption tax that would be capped at 7%.

The assumptions made by Bearden in his calculation are similar to many of the assumptions contained in the initiative petitions, and include:

- A rate capped at 7%.
- In order to replace the 3% general fund sales tax and the 1% Proposition C sales tax, the rate would have to be 6.75%.
- The 6.75% does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax; an additional .15% sales tax is required to replace them.
- This brings the rate to 6.9% (assuming their calculations are correct, which he said he is not conceding). The cap is 7% and the 6.9%, if correct, leaves virtually no funding for the prebate. So while the Bearden presentation calls for a prebate, he has already utilized all of the new consumption tax to replace current state revenues.
- If the Bearden calculation is incorrect, there is no review allowed or required to re-establish the rate. The state simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.

The Bearden calculation is as follows:

Missouri Personal Consumption Expenditures. \$166 Billion

- ✓ Less imputed rents \$19.9B
- ✓ Less health care paid by government \$15.1B
- ✓ Less insurance and imputed financial services \$5.5B
- ✓ Less motor vehicles \$4.7B
- ✓ Less motor fuels \$6.3B
- ✓ Less education (K-12, higher ed, vocational) \$3.1B
- ✓ Less non-profit and religious services \$6.9B
- ✓ Less purchases of new homes \$6.9B
- ✓ Less misc other adjustments \$3.4B

Estimated Tax Base \$107.7 Billion

The tax base Bearden assumes above, and a 6.75% tax rate, creates tax receipts of \$7.27 billion.

The Bearden calculation also does not account for this major exemption listed in the initiative petitions:

- Healthcare services paid for by non-governmental entities for individuals, which are specifically excluded from taxation by these initiative petitions;

Please note that the Bearden calculation excludes only government-sponsored health care payments (Medicare and Medicaid), while the initiative petitions exclude all healthcare expenditures from the increased consumption tax, which is a huge difference.

According to the Missouri Tax Expenditure Report for 2009 (available on the Office of Administration, Division of Budget and Planning website) prepared by the Economic and Policy Analysis Research Center at the University of Missouri-Columbia, the *foregone state tax revenues (at 3%)* of not taxing healthcare, prescription drugs, and non-prescription drugs is:

Medical Care	\$994.0 million
Prescription Drugs	\$184.9 million
Non-Prescription Drugs	\$ 22.7 million

The initiative petitions also do not define a healthcare expenditure for an individual, which is a huge potential loophole. Are non-prescription drugs a healthcare expenditure? The same question would apply to therapeutic massage therapy, weight loss expenditures for services not delivered by a licensed medical practitioner, and residential expenditures for elderly care in an assisted living facility.

In any case, the Bearden calculation, which if correct required a tax rate of 6.75% to replace current revenues, did not exempt health care expenditures from the taxable base. At a 3% tax rate, this new exemption would cost about \$1.2 billion in state tax revenues, and the proposed increased consumption tax rate is over double the current tax rate.

He said this healthcare exemption clearly leaves the state dramatically short of replacing existing tax revenues, and the other remaining problem is that there is no funding available for a prebate under the initiative petitions.

Part 3—Other Problems With The Proposed Initiative Petitions

Gaming Revenues

He said neither the nine initiative petitions nor the Bearden calculation excludes gaming revenues from the taxable base. Gaming revenues are currently taxed at a rate of 21% of the gaming company's adjusted gross receipts; imposing an additional sales tax of more than 12% on the revenues from these operations would make their tax rate nearly one-third of their adjusted gross receipts.

In addition, gaming companies pay a fee of \$2.00 per every two hours for patrons utilizing their services. These fees would also be subject to the additional consumption tax.

The base for the increased consumption tax calculation should either exclude the gaming taxes from the increased consumption tax, or the fiscal note should reflect that gaming companies will be double taxed.

Local Franchise Agreements/Taxing Internet Services

Many telecommunications and video service providers currently operate in local communities through agreements that call for franchise fees. The increased consumption tax called for by these initiative petitions repeals all current sales tax exemptions, and also requires local governments to recalculate their local sales tax rates to comply with the new Missouri Constitution defined consumption tax. He said when this occurs, any business collecting and paying taxes through a local franchise fee or a similar tax characterized as a local use tax will have to layer on top of that the dramatically higher consumption tax.

Taxation of internet services are specifically prohibited by federal law. While the initiative petitions exempt from taxation those items exempted from taxation by federal law, it is unclear whether the petition advocates understood that these specific services are exempt and must be removed from the calculation.

Tax Credits

He said the proponents' proposals on tax credits are very confusing. They propose to bar the authorization or issuance of any tax credits that would be taken against any tax repealed by section 1(a) or 1 (b) of the initiative. The state income tax and corporate income tax are repealed by section 1(b).

The petitions further state that after June 30, 2016, no tax credits approved or redeemed against taxes repealed under section 1(a) or 1(b).

This second section would appear to allow credits to be taken against these taxes until June 30, 2016, even though the taxes against which they may be taken are repealed on December 31, 2013, and therefore there would be no tax liability against which to take them.

The Low Income Housing Tax Credit is a 10% credit taken over 10 years, and the project must be completed before the developer can begin receiving the credit. There are 10-year low-income housing tax credits already approved, within the current year and future years, where the project will be completed (thereby vesting and earning the credits) that will exceed both of these dates. He said apparently the intent of this proposal is to take those tax credits away from their owners without compensation.

When considering only low-income housing tax credits that are earned and vested by January 1, 2014, tax credit investors alone will lose in the hundreds of millions of dollars without compensation.

He said it is questionable whether the courts would allow this to happen. However, if the investors are paid by the state or allowed a credit against the consumption tax liability owed by a taxpayer, the initiative petitions run into the same problem as with other items discussed. All funds will have already been committed to other uses, and there will not be adequate funds to pay for these liabilities.

He said if funds are spent on tax credits after the passage of any of the initiative petitions, they take away from the available funds to replace current taxes, which are already inadequate to allow current state services to continue, as the analysis has shown.

Part 4—The “Economic Engine” Myth

He said proponents of the increased consumption tax laud the fact that replacing income taxes with consumption taxes will energize enormous economic growth. He suggested more research is needed, and in particular reference a publication by proponents of the increased consumption tax.

He suggested reading an article for the Show-Me Institute dated December 15, 2010 entitled Income Taxes vs. Sales Taxes: A Welfare Comparisons, written by Grant Casteel and Joseph Haslag.

Among the excerpts from the article he pointed out the following quotes:

“However, we also show that if people value current consumption enough relative to future consumption, they prefer the income tax regime to the sales tax regime.”

“When a sales tax policy is implemented, consumer spending declines.”

“After about a generation’s worth of time, people are happier under the sales tax policy than under the income tax policy.”

He said even by the proponents’ own statements, the short term impact of an increased consumption tax is that consumer spending declines, which will make tax revenues decline.

Part 5—What Is The Real Fiscal Impact Of These Proposals

What Is The Correct Calculation

He said the analysis shows that there are many factors that will impact the rate of the increased consumption tax if passed by the voters. Please note that while local sales tax

rates vary by city or county, the highest rates tend to be in the most populous areas, and therefore the majority of the citizens will pay at the very highest local rates.

He said the voters should know the correct tax rate before they vote on this radical and understudied concept. Here is the most reasonable calculation to use to show the proper rate if this proposal were to pass:

Tax Rate Required To Replace Current Taxes (with exemptions as provided in petitions)	9.00%
Tax Rate To Replace Conservation And Parks and Soils	.25%
Estimated Average Local Tax Rate With New Base	2.75%
Total Tax Rate For Expanded Consumption Tax (without prebate)	12.00%
Tax Rate To Provide For Prebate	3.00%
Total Tax Rate Providing for Prebate	15.00%

Suggested Ballot Language

He said he believes that all nine ballot petitions are fatally flawed. They do not generate adequate revenues to replace the current revenues they purport to replace, nor to provide for a prebate.

Although the initiative petitions call for the establishment of a prebate by law, there is no money available to fund the prebate at a number calculated by Joseph Haslag and Abhi Sivasailam (which would be too low because the tax rate will be higher than what they calculated). An additional constitutional amendment would have to be placed in front of the voters that would increase the consumption tax rate by approximately 3%.

He suggested the following fiscal note wording:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Marc H. Ellinger provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment to Article X of the Missouri Constitution, version 4a:

Executive Summary

Ellinger indicated he has submitted nine different and unique versions of a constitutional amendment to Article X. The analysis and review of any one version cannot be used as a template or, as Mr. Moody suggests, a carbon copy review of the other versions. The taxes repealed and the period of time of such repeal is different across the various petitions. This fact alone precludes a single letter or concept analysis of the fiscal impact of any version. Moreover, the exemptions from the new tax differ in the versions, further compounding the logical failure of any analysis seeking to review all of the versions together, including Moody's letter. This proposed statement of fiscal impact addresses only Version 4a, pursuant to Section 116.175, RSMo, and 15 CSR 40-5.010 (4) (C), (D), and (E).

Summary of Version 4a

- Repeals the individual income tax (January 1, 2014);
- Repeals current sales and uses taxes (January 1, 2014);
- Preserves the Parks and Soils and Conservations Sales Tax as they currently exist;
- Requires the general assembly to impose and levy a tax on sales to individuals and services provided to individuals (January 1, 2014) at a rate not to exceed 7%;
- Specifically exempts sales and services which have previously been taxed; services rendered by an employee for an employer; intangible personal property held for investment purposes; sales of real property; sales of motor fuel; tuition and fees of elementary, secondary or higher education; insurance premiums and products; property and services used for agriculture; sales or services to or for the benefit of political subdivisions, businesses or charitable organizations; sales or services for the benefit of an individual's healthcare; sales made through the use of federal food stamp coupons; sales under the supplemental feeding for women, infants and children program; sales exempted from state taxation under federal programs; non-proprietary sales or services performed by political subdivisions; sales which the state is prohibited from taxing; and any other sale or service exempted by the General Assembly;
- Requires the general assembly to provide a rebate or credit to be applied to the taxable purchases by low income individuals; and
- Allows county or political subdivision to broaden the base of existing taxes, licenses, or fees, with voter approval.

Proposed Statement of Fiscal Impact for Version 4a

The total cost or savings to state or local governmental entities is unknown. Most state governmental entities estimate no costs, however, some state governmental entities may have unquantified indirect costs. It is estimated this proposal will have no costs or savings to local governmental entities.

Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero in FY 2013 and unknown in FY 2014. The net effect on state funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on state funds in FY 2014 is unknown. While the individual income tax, and current sales tax are repealed, the new sales tax generally replaces a significant portion of the lost revenue. The net effect on local funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on local funds in FY 2014 is also zero since political subdivisions are given an option to recalculate their tax rates and apply the new rate to an expanded base.

ESTIMATED NET EFFECT ON STATE FUNDS (in thousands)		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	unknown
Total Estimated Net Effect on All State Funds	\$0	unknown
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

The proposed amendment would neither establish a new program or agency nor duplicate an existing program or agency.

The proposed amendment is not a federal mandate.

No new program or agency is being created; therefore, there is no new program or agency that will have a direct fiscal impact on any political subdivision of the state.

No new physical facilities will be required by the proposed amendment.

The proposed amendment will have a positive economic impact on small businesses in FY 2014 and going forward. Small business owners and S Corporations will no longer pay state income tax. Small businesses would be exempt from paying the replacement sales tax. The proposed amendment will result in a significant positive economic impact on small businesses, and it is likely that at least some of the cost savings will be passed onto consumers.

Response to letter from Mr. James R. Moody

It is unclear whether the letter dated January 24, 2011 is in response to this specific proposed amendment or whether it is a general response to “Fair Tax” ideas. The letter consults numerous sources that are irrelevant and immaterial to the proposed amendment. 15 CSR 40-5.010 (4)(C) requires that the proposed statement of fiscal impact “be limited to the estimated fiscal impact of the proposed measure.” The letter also makes numerous misstatements about the contents and effect of the proposed amendment. This response serves to clarify what should be considered by the Auditor’s office in preparing the fiscal statement and to clarify the substance and effect of the proposed amendment.

Moody references a number of items which can be addressed first, generally. The numbers and analyses of past legislative proposals should be disregarded. Moody’s discussion of the substance of these proposals and their fiscal impact has no bearing on the proposed amendment. The proposed amendment is significantly different than any past legislation. Moody’s discussion of these proposals is irrelevant to the fiscal impact of the proposed amendment.

Moody also presents numbers and analyses from a book titled “Fair Tax,” a study by the Show-Me Institute, and reports from the Missouri Budget Project and United for Missouri. Moody’s discussion of these studies has no bearing on the proposed amendment. None of these studies were conducted on the proposed amendment or pertain directly to the provisions of the proposed amendment (as required by 15 CSR40-5.010(4)(C), (D), and (E)). The proposed amendment is not called the “fair tax” and the ideas and opinions in any fair tax books or made concerning prior fair tax proposals are not analyses of the fiscal impact of the proposed amendment before the Auditor. The Show-Me Institute study is not a study of our proposal. As the author, Joe Haslag, has stated, the study focused on a fictional model economy and was never meant to represent any version of tax reform under consideration. The study was published on December 15, 2010 and is not an analysis of the proposals that were filed on January 14, 2011. Moody’s discussion of the substance of any proposed tax schemes from these sources and their fiscal impact is irrelevant to the fiscal impact of the proposed amendment, and therefore Moody’s comments and discussion regarding these sources should be disregarded.

With respect to Moody’s more specific points, each of which will be addressed in the order presented, Moody makes several statements about the proposed amendment which are factually inaccurate. Moody also makes several assertions of fact and offers his own fiscal analysis, yet none of the assertions or any evidence or authority supports the numbers offered by Moody. Finally, much of the evidence actually tends to disprove the statements made by Moody.

Moody claims that the petitions “will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.” The proposed amendment will neither bankrupt the state nor the poor. Examples of other states with no income taxes demonstrate the feasibility of the proposed amendment. *See* Appendix A.

With respect to the cost of any “prebate,” Moody turns to a number of sources that are irrelevant to the proposed amendment, as discussed above. The proposed amendment requires the General Assembly to provide “a rebate or credit to be applied to the taxable purchases by low income individuals, as defined by the general assembly.” Version 4a, Section 1(i). The low income rebate or credit is mandated by the proposed amendment. While the size and scope of such a rebate or credit are subject to debate, the General Assembly is mandated to create such a system and thus protect the interests of low income individuals in Missouri. In addition, Moody claims that funding a prebate “would require the passage of a constitutional amendment” and that the “tax burden will fall disproportionately on the lower-income and middle class population of the state.” However, Moody provides no evidence of analysis to support his claims about the size of the rebate or the distribution of the taxes paid by income group relative to the proposed amendment.

Moody claims that the initiative petitions contain no exclusion for “business to business transactions.” This is factually inaccurate. The proposed amendment states that the “general assembly shall enact a law...imposing and levying a tax on all sales to individuals and on all services provided to individuals[.]” Version 4a, Section 1(e)(1). The proposed amendment also defines “Sales” as “any transfer exchange, or barter, conditional or otherwise, to an individual[.]” Version 4a, Section 1(g)(1). The proposed amendment defines “Services” as “all activities for the benefit, use or consumption of an individual[.]” Version 4a, Section 1(g)(2). Finally Section 1(f)(9) of Version 4a specifically exempts business to business transactions. That section reads, in part, “Sales or services to or for the benefit of...a business...and the sale of service is in furtherance of the purpose of...a business[.]” Moody’s statement that there is no exclusion for “business to business transactions” is simply wrong.

Moody suggests that the proposed amendment “will out-migrate Missouri talent providing services and shift Missouri purchases to other states.” While some individuals may choose to purchase goods elsewhere near the border because of lower sales taxes in neighboring states, this impact shall be offset by individuals who chose to move into the state of Missouri because of lower income taxes (0%) and lower costs of doing business (0% sales tax on business to business transactions). It is impossible to accurately estimate the net impact on individual behavior. However, the experience of other states shows that states with no income tax have experienced more rapid population growth than states with an income tax. There is no evidence that a broad consumption tax leads to an exodus of individuals from a state. *See Appendix B.*

Moody makes the claim that “it is generally recognized that sales taxes tend to be regressive” but provides no authority for such claim, nor does he provide any authority or evidence that the tax under the proposed amendment would “tend to be regressive.”

Moody alleges that low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax. Moody fails to recognize that under the proposed amendment, the Medicaid benefits, supplemental nutrition program benefits and a multitude of services from not-for-profit

and religious organizations received by low-income individuals are all exempt from the sales tax under the proposed amendment. See, e.g., Version 4a, Section 1(f)(9)-(13), (15). Furthermore, the general assembly may choose to exempt other sales or services under Section 1(f)(16).

Moody utilizes “United for Missouri” calculations, and points out that the rate of tax estimated by United for Missouri “does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax.” He states that “an additional .15% sales tax is required to replace them.” The proposed amendment does not repeal the conservation sales tax or the parks and soils sales tax. See Version 4a, Section 1(d) (“All laws imposing sales and use taxes, and exemptions thereto...are repealed...except any taxes imposed by Article IV, Sections 43(a) and 47(a) or any taxes provided for by Article IV, Section 30(a)[.]”). Thus any calculation suggesting these taxes need to be “replaced” is inherently flawed.

Moody suggests that under the proposed amendment “[t]he State simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.” However, as the fiscal analysis of the proposed amendment above demonstrates, the fiscal impact in FY 2013 zero and in FY 2014 is unknown.

Moody claims that “United for Missouri’s” calculations are flawed because they do not account for “the major exemption” of healthcare services. Version 4a, Section 1(f)(10) does exempt “Sales or services for the benefit of any individual’s healthcare.” Moody himself incorrectly states that healthcare would be taxed on page 4 of his remarks. (*“Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care.”*)

Moody states that the proposed amendment does not exclude “gaming revenues” from the taxable base. Moody is correct that gaming revenues are currently taxed at a rate of 21%. Section 313.822, RSMo, provides “A tax is imposed on the adjusted gross receipts received from gambling games authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent.” The tax in the proposed amendment is not on “adjusted gross receipts” but rather, is “on all sales to individuals and on all services provided to individuals[.]” Version 4a, Section 1(e)(1). Gaming revenues and the admission fee are neither sales to individuals nor services provided to individuals and are thus not included in the taxable base under the proposed amendment.

Moody also states that the proposed amendment “requires local government to recalculate their local sales tax rates[.]” This is simply untrue. Version 4a, Section 1(j)(1) states “Effective January 1, 2014, any county or political subdivision may broaden the base of an existing tax, license or fee, only with the approval of the majority of the qualified voters[.]”

Moody suggests that the corporate income tax is repealed by the proposed amendment. This is inaccurate. The corporate income tax is not repealed by the proposed amendment.

Version 4a, Section 1(b) repeals “Any law...that imposes a tax...that is on or measured by the income or earnings of an individual” effective January 1, 2014.

Moody also takes issue with the tax credit provisions of the proposed amendments, stating that tax credit investors will lose hundreds of millions of dollars without compensation. Version 4a, Section 1(a)(3), provides that the general assembly shall not have the power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied to the individual income tax or sales tax except as provided in the proposed amendment. Section 1(c) provides that no tax credits shall be authorized or issued after 2013 to be applied to the individual income tax. Section 1(c) also provides that any tax credits authorized or issued prior to 2013 can be approved or redeemed (and applied to individual income tax) until June 30, 2016. Even after 2016, tax credits can be applied against other taxes, including: the corporate income tax, the franchise tax, the bank tax, the insurance premium tax, the other financial institutions tax, the express companies tax. Specifically, those with low income housing tax credits can redeem (or sell such credits to others who can redeem) such credits against the corporate franchise tax, the financial institution tax, and the insurance company premium tax. Furthermore, nothing in this measure if passed would restrict the ability of the General Assembly as provided by law from offering the current equivalent of such benefits, in a form other than tax credits, directly by general law.

Moody suggests that the proposed amendment relies on an “economic engine” myth. However, our fiscal analysis assumes no dynamic effect on GDP growth. When projecting the state GDP we rely on national GDP estimates from the CBO. Since both our tax base projections and the projections of revenues eliminated by our measure are driven by the size of the future state GDP, our fiscal impact notes are in effect immunized to varying assumptions about changes in GDP. There is however evidence that over long periods of time, states with no income tax experience faster economic growth. *See Appendix B.*

Moody suggests that “increased consumption tax” will decrease consumer spending. Again, he offers no evidence or authority for this claim. It is possible to theorize that raising taxes on consumption would decrease consumption. However, it is also important to recognize that by our estimates, the proposed amendment adds \$5.7 billion (2014) dollars of what would normally be collected as individual income tax into the pockets of Missouri consumers. This additional spending power should translate into additional consumption offsetting potential declines from imposing a broad consumption tax.

Finally, Moody offers the “Real Fiscal Impact” of the proposed amendment. His analysis is flawed. First, the Conservation and Parks and Soils Taxes are not repealed by the proposed amendment. Second, local municipalities are not required to recalculate their tax rates. Moody also fails to account for the unique differences of Version 4a, specifically Moody fails to assess how the exemption for sales or services for the benefit of an individual’s health care will result in costs or savings to the state. He suggests that a tax rate of 9% will be required to replace current taxes, yet offers no explanation or

evidence for how that rate was calculated. None of the no-income tax states in the United States have a sales tax rate that exceeds 7%. *See* Appendix A.

Finally Moody suggests the following fiscal impact statement:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Moody has not demonstrated that seven percent is inadequate to replace current state revenues. He has not demonstrated a shifting tax burden. His argument about tax credits is inaccurate as explained above. Similarly, his explanation of the taxable base contains factual inaccuracies. Section 116.174.3, RSMo, requires that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities. The fiscal note summary shall contain no more than fifty words, excluding articles, which shall summarize the fiscal note in language neither argumentative nor likely to create prejudice either for or against the proposed measure." Moody's proposed summary does not state the measure's estimated cost or savings. The language is not only argumentative and likely to create prejudice, but is also factually inaccurate and should be wholly rejected by the Auditor.

Appendix A – No income tax states

All Data for Fiscal Year 2008, numbers in thousands

State	General Sales Tax Rate	State Taxes	General Sales Tax	Motor fuel, alcohol, tobacco, utility and other sales taxes (gaming etc.)	% from General Sales	% from Selective Sales	% from All Sales Taxes
Alaska	0.00%	8,424,714	-	279,569	0.0%	3.3%	3.3%
Alaska derives the majority of state revenue comes from oil royalties							
Florida	6.00%	35,849,998	21,518,100	7,778,923	60.0%	21.7%	81.7%
New Hampshire	0.00%	2,251,179	-	792,947	0.0%	35.2%	35.2%
New Hampshire derives significant revenues from corporate income taxes and state property taxes							
Nevada	6.90%	6,115,585	3,077,433	1,853,019	50.3%	30.3%	80.6%
Nevada derives significant (\$1.3 b) revenues from gaming taxes							
South Dakota	4.00%	1,321,368	732,438	339,814	55.4%	25.7%	81.1%
Tennessee	7.00%	11,538,430	6,832,948	1,779,434	59.2%	15.4%	74.6%
Texas	6.25%	44,675,953	21,668,972	11,696,220	48.5%	26.2%	74.7%
Washington	6.50%	17,959,833	11,344,622	3,056,046	63.2%	17.0%	80.2%
Wyoming	4.00%	2,404,843	981,198	134,663	40.8%	5.6%	46.4%
Wyoming derives significant (\$0.95b) revenues from mineral rights							
Missouri	4.225%	10,965,171	3,228,274	1,542,357	29.4%	14.1%	43.5%

Sources: <http://www2.census.gov/govs/estimate/08slsstab1a.xls> , <http://www2.census.gov/govs/estimate/08slsstab1b.xls> , http://dor.myflorida.com/dor/taxes/sales_tax.html , <http://tax.state.nv.us/pubs.htm> , <http://www.state.sd.us/drr2/businesstax/st/salestax.htm> , <http://www.window.state.tx.us/taxinfo/sales/> , http://dor.wa.gov/docs/forms/Excstx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf , <http://revenue.state.wy.us/portals/bvs/desktopdefault.aspx?tabindex=3&tabid=10>

Appendix B – Population Change in No Income Tax States

Territory	2000 Population	2009 Population	Population Growth	Faster (Slower) than United States Average
Alaska	626,932	698,473	11.41%	2.32%
Florida	15,982,378	18,537,969	15.99%	6.90%
Nevada	1,998,257	2,643,085	32.27%	23.18%
New Hampshire	1,235,786	1,324,575	7.18%	(1.91%)
South Dakota	754,844	812,383	7.62%	(1.47%)
Tennessee	5,689,283	6,296,254	10.67%	1.58%
Texas	20,851,820	24,782,302	18.85%	9.76%
Washington	5,894,121	6,664,195	13.07%	3.97%
Wyoming	493,782	544,270	10.22%	1.13%
United States	281,421,906	307,006,550	9.09%	
No-income-tax state average			14.37%	5.28%
No-income-tax state weighted-average			16.40%	7.30%
Missouri	5,595,211	5,987,580	7.01%	(2.08%)

Notes: 2009, July estimate

Sources: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-PH1&-ds_name=DEC_2000_SF1_U&-format=US-9, http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-T1-R&-ds_name=PEP_2009_EST&-redoLog=false&-format=US-40S&-mt_name=DEC_2000_SF1_U_GCTPH1_US9

The **State Auditor's office** summarizes the comments provided as follows:

It is the duty of the State Auditor to provide fair, unbiased fiscal notes and summaries for initiative petitions, estimating the fiscal impact of the initiative, and the office takes this responsibility seriously. But, it is also the office's responsibility to inform the voters when initiatives are so broad that the fiscal impact cannot reasonably be predicted. That is the case with this petition.

To assist in drafting the fiscal note and summary, the office received input from 22 public entities, and Mr. Marc H. Ellinger and Mr. James R. Moody provided information as a proponent and opponent of the proposals, respectively. The cost and savings estimates ranged from an unknown or no fiscal impact to a projected state budget shortfall in excess of \$1.02 billion.

The petition is dependent upon undefined variables related to legislative actions required and changes in consumer spending, none of which can be predicted at this time. Some of the legislative actions include, but are not limited to:

- The legislature must establish the specific sales tax rate, up to seven percent.
- The legislature must define "low income" for the purpose of issuing rebates, credits or prebates.
- The legislature must determine how to address tax credits in the event tax credits can no longer be redeemed.
- The legislature must establish a method for calculating and providing sales tax rebates, credits or prebates.
- The legislature must determine what additional tax exemptions, if any, will exist.
- The legislature must determine if senior citizens and the disabled are to continue receiving certain tax credits.
- The legislature must determine whether to collect delinquent taxes and pay tax refunds.

In addition to the legislative uncertainties, both proponents and opponents make wide-ranging assumptions regarding consumer spending which are not verifiable. Some of the unanswered questions regarding consumer spending include, but are not limited to:

- Whether the elimination of a state income tax will cause people to move into Missouri with a corresponding increase in the tax base.
- Whether the implementation of a "consumption tax" will lead citizens to move out of Missouri.

- Whether citizens living near a bordering state will avoid the sales tax by shopping across state lines if the bordering state has a lower sales tax.
- Whether Missourians will avoid the sales tax by buying more used items instead of new items.
- Whether Missourians will avoid the sales tax by shopping online instead of in state.
- Whether service providers will establish locations outside of Missouri to avoid a sales tax on services.

While the office discounts the dire predictions of state bankruptcy, predictions of little or no fiscal impact on the state are also difficult to support. While quantifying risks where possible is preferred, for the foregoing reasons, it would be inappropriate for the office to attempt to prospectively quantify the effects of this broad initiative.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Fiscal Note Summary

The total cost, savings, and/or change in tax revenue to state and local governmental entities cannot be determined. The proposal (1) requires a range of legislative action with unknown outcomes, and (2) will result in changes to consumer spending patterns that cannot be presently quantified.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-19)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received January 18, 2011)

Date

February 7, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

James R. Moody provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated that elimination of tax credits would have a negative impact on revenue for the Missouri Agricultural and Small Business Development Authority (MASBDA). Average annual revenues for the last four years (FY07-FY10) were \$286,135 per year. Therefore, it appears that MASBDA would realize \$143,070 in reduced revenues in FY 14. Reduced revenues in FY 15 and thereafter are estimated to equal \$286,135 per year.

Officials from the **Department of Economic Development** indicated they have reviewed Initiative Petitions 11-16, 11-17, 11-18, 11-19, 11-20, 11-22, and 11-23. Because there is no material difference among these proposals (hereinafter “this proposal”) as pertinent to the Department of Economic Development, we are submitting this combined memorandum. This proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual and eliminates the power of the General Assembly to enact such taxes, effective January 1, 2014. The repealed taxes are to be replaced with a sale and use tax of up to seven percent imposed on the purchase of goods and services by consumers, subject to a number of exemptions enacted in place of all current sales tax exemptions.

As impacts the Department of Economic Development, this proposal would eliminate the General Assembly’s power to authorize the issuance, approval or redemption of any tax credits to be applied against the taxes repealed by the proposal, which, as relevant to tax credits and other tax-based incentive programs, includes personal income and withholding taxes. This proposal further provides that no tax credits shall be authorized or issued to be applied to the repealed taxes after December 31, 2013. After June 30, 2016, no tax credits authorized by the General Assembly to be applied to any of the repealed taxes issued on or before December 31, 2013 shall be approved or redeemed. The department assumes that tax credits could continue to be redeemed against the remaining applicable taxes types, including the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes, which would remain intact under this proposal because they are not “measured by income or earnings of an individual.”¹

Finally, this proposal would repeal and prohibit the General Assembly from enacting any law authorizing any county or other political subdivision to impose a tax measured by

¹ This is in contrast to IP 11-15, which, as applicable to the taxes against which tax credits typically may be redeemed, leaves intact only the insurance premium tax.

earnings or income, unless the tax was imposed by a city prior to January 1, 2013. In addition, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under this proposal, without a mechanism for the local sales taxes to be replaced.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. The Department of Economic Development administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by prohibiting the redemption of such credits after June 30, 2016 against the now-repealed personal income tax. The department assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. The department also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature. The department also assumes that after June 30, 2016, tax credits could continue to be redeemed utilizing either of these two options to the extent applicable to the specific credit.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's

effective date through December 31, 2013, because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have—i.e. in advance of the 2016 redemption deadline—or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is likely to be litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from

the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund such projects are income-tax based, this proposal would jeopardize the financing for these projects by repealing the taxes generating the necessary revenues to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by taxes that would be repealed under this proposal, which could mean that the relevant local entity would default on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds would negatively impact not only the specific local entity but also the municipal bond market overall.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local

development projects. The department will defer to DOR for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** provided the following Calculation of Tax on Insurance Premiums from Initiative Petitions 11-15 thru 11-23.

		Incidence of tax on seller	Incidence of tax on buyer
Initiative Petition	Tax Rate	Gross Domestic Insurance Company Premiums* TAX YEAR 2009	Total Insurance Premiums TAX YEAR 2009
11-15 thru 11-22	7%	\$768,761,954.49	\$12,634,241,702.02
11-23	4%	\$53,813,336.81	\$884,396,919.14
		\$30,750,478.18	\$505,369,668.08

*Due to exemption proposed tax primarily collected from domestic insurance companies

ASSUMPTIONS/NOTES:

- 1) Numbers presented assume insurance product sales remain constant
- 2) Insurance product sales may be impacted if insurance premiums rise due to the proposed sales tax
- 3) Domestic insurance companies may re-domicile from Missouri to foreign states if the incidence of tax is on the seller, reducing the amount collected
- 4) If the general assembly does not exempt health insurance premiums as a benefit for individual healthcare, the total amount of insurance premiums subject to the proposed sales tax would increase by an estimated \$2,693,623,829 or \$10,943,678,671 respectively

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition as it appears to hold the department's Parks and Soil Sales Tax funds harmless.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department; however, they defer to the Office of Administration for the statewide impact.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$14,389,007 for fiscal year 2014.

The costs include increased:

Salaries-\$7,841,707

Fringe Benefits-\$4,104,349

Equipment and Expense-\$2,442,951

They said the proposal affects all state agencies that are funded by general revenues. It also affects all political subdivisions with local taxes. The department does not know whether this proposal was forwarded to all affected entities. It is unclear what the impact will be on small business.

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$102,396.

The value of the level of effort is calculated on 3864 FTE hours.

They said income tax revenue will decline and sales tax revenue must increase.

The department and ITSD-DOR will need to make programming changes to various tax systems.

Assumptions and methodology used in arriving at state fiscal impact:

Comments and Assumptions:

- The FTE impact for the processing area in fiscal year 2014 is based on a nine-month cycle. Personnel will be required to be fully trained as of January 1, 2014. The department will need to hire and begin training temporary staff in October 2013.

Personal Tax:

- For FY 12 – Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 13 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15 – Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax (July 2014 through December 2014). For the last six months of FY15 (January 2015 – June 2015), Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and

collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- The registration area would see an impact because including all services as a taxable product would greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
 - FY12 - No impact
 - FY13 - No impact
 - FY14 - Based on the presumption of doubling the number of businesses, for registration, contacts, collection effort –CATA will need an additional 88 temporary employees (CATA's FY09 sales use tax and registration FTE impact was 44) Training will begin in October of 2013.
 - FY15 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income, withholding and corporate tax accounts (this reduction will not be seen in this analysis as the period of the fiscal note ends in 2014).

Sales, Excise and Business Tax:

- The following impact is based upon the assumption that the workload for sales and use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., Business tax will need an additional 97 temporary employees for sales and use tax.
- The department assumes that although the new sales tax would go into effect January 1, 2014, current staff responsible for corporate tax, withholding tax and personal tax will not be available for reallocation until the last half of FY15, and even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 – No impact
 - FY 14 – Business tax will need 97 temporary employees. Training will begin in October of 2014. These would be temporary employees however, since they will be employed for nine months, benefits will be provided.
 - FY 15 – For the first half of the year Business tax will need the 97 temporary employees and for the second half Business tax will need 73 temporary employees. The reduction for the second half of FY15 is based upon the assumption that 25% of the permanent staff will now be available for reallocation – Rather than hire new temporary staff, which would require training the new staff; it would be more beneficial to retain the temporary employees. The employees would then be eligible for benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Corporate/Withholding Tax:

- For FY 12 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 13 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 14 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 15 – Corporate/Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) and 79% of existing staff in the Corporate Tax Section (19 out of 24 FTE) to continue the processing and collection duties of withholding and corporate tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in business tax area on a one-to-one basis.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. To conduct double that amount (4,700 sales and use tax audits), it would be necessary to double audit enforcement staff, including additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions would increase Field Compliance to 320 positions and a payroll of approximately \$14.0 million.
- Each additional employee would have start up costs which would include a new computer, file cabinet, desk, chair, side chair, calculator, and on-going supplies. The approximate cost for 160 new employees would be \$454,080. The travel and operating budget could potentially double by moving the budget from \$400,000 to potentially \$800,000. This would bring the approximate Expense and Equipment cost to approximately \$1.2 million.
- The department would need to expand and possibly move each in-state and out of state audit office facility to accommodate the increase in personnel. The estimated cost double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal:

- For FY12 – No impact
- For FY13 – No impact
- For FY14 – Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

Prebate:

Because the prebate will be provided by subsequent legislation, the department cannot determine what resources will be required with any certainty. But additional resources above those already identified will be required.

Comments:

- Eliminating the income tax would not “eliminate” the filing of returns. Individual income tax filers will file their 2013 calendar year returns after January 1, 2014. Individuals and businesses would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2014.
- The department is not clear whether the state would have the authority to require sellers to collect this tax. The legislation does not have similar language to current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does.
- The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state’s rights with respect to such taxes. The amendment is unclear as to whether such provisions are eliminated. If they are, that would mean that the state cannot assess, audit, or refund.
- No empirical basis appears to exist for setting the state sales tax rate at 7 percent and assuming that rate will generate the revenue that income-and asset-based taxes currently generate for general revenue.
- The department is unclear of the impact to taxes or refunds due, but not yet paid. Instead of repealing the laws on January 1, 2014, the department would recommend changing language to say: “For tax years beginning on or after January 1, 2014...” Also, the existing laws should remain in place in order to wrap up all old business.
- This proposal prevents any tax credit from being issued after December 31, 2013 and prevents any tax credit redemptions after June 30, 2016. This would impact many individuals who have credits that can be carried forward beyond FY2016.
- Without further action by the general assembly, every local taxing jurisdiction's sales tax could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.
- There is no provision provided in this petition which allows for rate adjustments.
- This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission. In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative

judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petitions do not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim an exemption, but would not be responsible for actually proving it was entitled to it.

The following are observations made by the department regarding the various exemptions:

- (1) Sales of personal property, which were transferred in a taxable transaction in another state before being brought into Missouri, are not exempt.
- (3) “Other similar intangible personal property held for investment purposes” is vague and will generate litigation.
- (4) Exempts sales of real property, but not rentals or leases of real property.
- (8) The terms “agricultural trade” and “agricultural business purposes” are vague and will generate litigation.
- (10) Exemption is broader than just purchases of healthcare items and services. It also includes any item purchased by a doctor or hospital for the benefit of any of its patients.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if adopted by the voters, will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals, with various exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1 (d) of both proposals would appear to leave intact such sales tax. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. Consequently, it appears that both proposals would have an impact on department funds, but it is unknown at this time whether the proposals would result in an increase or decrease of funds.

Officials from the **Department of Transportation** indicated the total estimated reduction in revenue on all state funds will be \$136 million for 2014, \$290 million for 2015, and \$298 million for 2016. Funds affected include the Road Fund, the Road Bond Fund, and

the Transportation Fund. The total estimated reduction in revenue on all local funds will be \$18 million for 2014, \$31 million for 2015, and \$31 million for 2016.

This IP makes several changes to Missouri's current state taxation laws. The IP will have a significant negative impact to MoDOT. MoDOT's aviation jet fuel sales and motor fuel tax revenues would remain the same and would remain frozen at their current rates. MoDOT would lose a significant portion of its state revenue stream from the redirection of motor vehicle sales taxes to the General Revenue Fund.

The loss of revenue from motor vehicle sales and use taxes would also impact cities and counties as they receive a portion of the motor vehicle sales and use tax revenue stream.

The department also has concerns that the Missouri Highways and Transportation Commission would likely face a downgrade of its rating as it relates to its \$3.3 billion of outstanding State Road Bonds due to such a significant change in revenue for the department.

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the division should it be approved by the voters.

They made the following comments:

To replace foregone revenues the General Assembly shall enact a law imposing a sales tax not to exceed 7%. Revenues from this sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Prop. C), which shall be held harmless.
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit.
3. An unspecified rebate program for low income families. Because no details of the program are given in the proposal, Budget and Planning (BAP) cannot determine the potential cost. Further, the spending program would be subject to appropriation, the uncertainty of which could negatively influence consumer behavior.

BAP notes the possibility exists that the General Assembly is unable to enact a new sales tax law by January 1, 2014. In this case, given the repeal of the other major taxes listed above, the state would be left with very little revenue.

Because the existing sales tax law is repealed, many if not most of the existing sales taxes for numerous political subdivisions, including counties, cities, public safety districts, transportation development districts, and others are potentially nullified. The proposal does not specify a direct mechanism to replace the sales tax base or local revenues, although this could be addressed when the General Assembly enacts the new sales tax

law required in Section 1(e). The DOR reports collections of \$2.298B in local sales tax revenues in FY 2010.

Calculating a Sales Tax Rate

The proposal calls for a 7% sales tax rate on a newly defined sales tax base. However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access. Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate.² Estimates from other groups, such as the Institute for Taxation and Economic Policy (ITEP) also suggest something greater than 11%.³

Estimating the Consumption Base

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US Department of Commerce Bureau of Economic Analysis (BEA's) national income and product account (NIPA) tables as reported by the BEA in December 2010,⁴ excluding items that are non-taxable under federal law or under the proposal. Also, BAP notes that the proposal's exemption for individual healthcare expenditures is broad and undefined until such time as the legislature defines it, so the actual health care exemption may be much different than the figure estimated below. Finally, BAP estimates the loss due to explicit avoidance activities, such as Internet purchases, traveling across state lines, or the purchase of used goods, as 10%; this figure is entirely arbitrary. Missouri expenditures are assumed to be 1.77% of national expenditures, based on Missouri portion of personal income in 2009 as reported by the BEA in December 2010.⁵ BAP estimates the consumption base to be \$89.719B as in Table 1. At the 7% rate codified in the proposal, this would generate a little over \$6.28B in revenues. However, if the General Assembly enacts a sales tax rate less than 7%, revenues would be reduced accordingly.

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal increases prices, via a new sales tax, for many products and services. These include but are not limited to food for home consumption, domestic utilities and telecommunications, rents, daycare providers, consumer

² http://www.showmeinstitute.org/docLib/20101215_income_taxes.pdf

³ <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

⁴ <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>

⁵ <http://www.bea.gov/regional/spi/drill.cfm>

legal and financial services, realty services, repair services, and personal care services.

- According to US Census Bureau data, roughly two-thirds of Missouri's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families. This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$4.46 billion in state and local income taxes were deducted in tax year 2008.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,001.3
Net Used Motor Vehicles	2.4.5; 06	(104.1)
Motor Fuel	2.4.5; 36	(280.8)
Higher Education	2.4.5: 101	(145.5)
PK-12 Education	2.4.5: 102	(39.7)
Vocational Education	2.4.5: 103	(37.5)
Insurance Premiums	2.4.5: 90	(308.6)
Individual Healthcare	2.4.5: 60	(1,623.2)
Food Stamps (not taxable under federal law)	3.12: 021	(54.6)
Free checking & other financial services	2.4.5: 088	(271.2)
Rental Value of owner-occupied housing	2.4.5: 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5: 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5: 064	(45.1)
Foreign travel by US citizens	2.4.5: 109	(105.4)
Foreign travel into US	2.4.5: 110	124.5
US taxable base		5,639.3
MO share 1.77%:		99.816
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Assume 10% loss for avoidance, purchases of other used goods		(9.982)
Taxable Base		89.719
Revenues At 7% Rate		6,280,330,000

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. Finally, the table includes the replacement of existing motor vehicle sales taxes, which are currently dedicated to highway usage but which would have to be replaced in order to hold those funds harmless.

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of nearly \$1.02B when compared to revenue collections in FY 2010, the second year of revenues severely depressed by the national recession. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Further, this calculation does not take into account any spending needed to administer the rebate program described in section 1(i). To offset each additional \$897 million in spending, the sales tax rate would have to be raised 1%, according to the sales tax base calculated above.

Finally, this calculation does not take into account the potential need to replace \$2.298B in local sales tax revenues. An additional sales tax of 2.561% would be necessary.

Table 2.

Sources by Fiscal Year	2010
Individual Taxes	5,495,341,696
Individual Refunds	(1,050,238,448)
Property Tax Credit Refunds	(118,594,589)
Corporate Income Taxes	408,935,797
Corporate Income Refunds	(214,417,694)
GR Sales and Use Taxes	1,790,181,504
Sales Tax Refunds	(59,962,469)
SDTF General Taxes	704,439,710
SDTF Vehicle Taxes	28,304,001
Motor Vehicles Sales Taxes	193,298,505
Total	7,177,288,012
Circuit Breaker Replacement Program	118,594,589
Revenues to Be Replaced	7,295,882,601
Needed Rate:	8.132%

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2011.

⁷ Revenues are as reported in the DOR Annual Financial Reports, and the SAMII Data Warehouse.

FY 2011 General Revenue Budget (\$M)	
Foundation Formula	2,342
K-12 Transportation	84
Higher Ed Institutions	797
Scholarships	81
State Employee Health Care Plan	260
DMH/DHSS Community Programs	492
Medicaid	1,536
Corrections	593
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	348

Other Impacts

BAP indicated this proposal eliminates all of the tax credit incentive programs in the state. The proposal prohibits the issuance of income tax credits after 12/31/13, and prohibits the redemption of previously issued tax credits after 6/30/16. This would persuade current holders of tax credits who would have otherwise redeemed their credits after 6/30/16 to claim redemptions in an earlier fiscal year. BAP believes this would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system that is already inadequately funded by the 7% sales tax. Additionally, the state could not honor existing agreements for “streaming” tax credits authorized to be issued after 2013, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection and the complicated sales tax rebate system, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. BAP notes that this proposal directs all sales taxes to the general fund. Thus, this would supersede existing provisions in Article IV, Sec 30(b), which direct MV sales taxes to highway functions. While the sales tax rate on new vehicles would increase, the rate would be zero on used vehicles. This would create a strong incentive for consumers to forego purchases of new vehicles, which would

further adversely impact funding for road construction and maintenance. MODOT can provide a fuller discussion of such issues.

Other proposals

BAP indicated this response related to initiative petition 11-15.

BAP said the initiative petition requests 11-16 through 11-23 are similar in nature to 11-15, with variances in the technical aspects of the bills. These changes would alter the calculations above to some degree, but the main conclusions remain the same.

All proposals except 11-15 repeal only taxes on individual earnings, leaving corporate taxes intact.

Proposal 11-21 repeals the corporate franchise tax.

Proposal 11-22 provides a phased-in change to the tax system in two increments, while proposal 11-23 provides three increments.

Regarding education exemptions, proposal 11-16 does not exempt higher education, while proposal 11-17 exempts only higher education.

Proposal 11-18 omits the phrase “as provided by law” from the healthcare exemption.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Rockwood R-VI School District** indicated the district does not anticipate any increase in cost or savings as a result of this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

James R. Moody provided information as an opponent of this initiative petition.

Mr. Moody said he was retained by Missourians Against Higher Sales Taxes to provide a fiscal analysis of the proposed constitutional amendments that the State Auditor received regarding repealing the state income tax and other taxes and replacing them with a greatly expanded consumption tax.

Because the proponents have submitted nine separate petitions that are similar in most aspects, he said he is submitting this information as a single letter that is identical in addressing each of the nine petitions.

He said he will begin the analysis with some words of caution for the State Auditor, and suggestions for the questions that should be asked in every phase of the analysis. He said he believes that a sound analysis by the State Auditor's office will reach the conclusion that he has reached—that is, all of these petitions are fiscally untenable. They will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.

Part 1—Background and Overview

Beware Baiting and Switching

He provided the following overall comments:

As will be explained in the analysis below, proponents of the increased consumption tax have been using calculations that are simply wrong on their face. They have all

calculated a rate that is too low in determining the real consumption tax rate, primarily because they have overstated the taxable base subject to the increased consumption tax.

As the current proponents who submitted the initiative petitions have recognized that their assumed tax base has been too high, the proponents have recently began to put exemptions from the increased consumption tax into their proposals. This is either because the items cannot be taxed under federal law, or they view that their taxation would be electorally unpopular. The simple math is that exemptions from taxation lower the taxable base. The more tax exemptions assumed, the lower the tax base, and the higher the tax rate has to be. If the goal truly is to do this new tax in a way that replaces existing taxes, the higher tax rate has major ramifications to those taxed, particularly the lower and middle income classes.

The proponents deal with this phenomenon by either capping the tax rate at 7% (whether or not that generates adequate tax revenue to replace current tax revenues), and/or suggesting a “prebate”, although none of the proposals provide any funding for it.

The proponents would leave you to believe that you can have a reduced tax base, a relatively low and capped tax rate, and a prebate fully funded. That notion, however, is a pure fantasy, and a basic “bait and switch” tactic. The “bait and switch” would attempt to make you believe that these three components are not absolutely inter-related. The 7% cap is a gimmick to get around the significant problems with these initiative petitions.

Things To Consider In Developing The Fiscal Statement

He suggested the following items be considered as key aspects in the fiscal analysis:

- What goods and services are taxed;
- What is the rate applied to those goods and services that are taxed;
- Is there a “prebate”, and if so how much is it and who gets it;
- If the prebate is not given to every citizen, does the structure create “tax cliffs” and disadvantage the middle class;
- What exemptions are granted from the increased consumption tax;
- What happens if the calculations are wrong, both in the short term and the longer term?

He said as this work discusses the history of this proposal and the various attempts by consumption tax advocates at quantifying the fiscal impact in the past, please note that there are a number of significant variances between: 1) past legislative proposals to submit the expanded consumption tax to a vote of the people, and 2) what is contained in the initiative petitions that have been submitted to the Secretary of State. These include:

- Past proposals have envisioned the replacement of the individual income tax, the corporate income and franchise taxes, and the existing sales tax to be essentially revenue neutral. In the legislative proposals, there was a commission established to review the adequacy of the 5.11% calculation (he said his analysis will show that rate was inadequate) and to reset the rate if necessary. The proposed initiatives cap the

consumption tax at 7%, which is inadequate to replace the foregone revenues and provide funding for a prebate. The proposed initiatives do not pretend to be revenue neutral, nor to provide for any recalculation of the rate.

- The FairTax Book and the proponents of an expanded consumption tax have in the past called for a “prebate” (discuss below) to protect the poor and the middle class from this extremely regressive tax structure. While the initiatives call for the General Assembly to establish a prebate by law, there is no money set aside for this prebate with the 7% cap on the increased consumption tax. According to the Show-Me Institute, the prebate will cost at least \$2 billion.
- Article X, Section 18(e) calls for a vote of the people to raise taxes by more than approximately \$90 million. Therefore, to fund the prebate (if not funded by the current initiatives) would require the passage of a constitutional amendment by a statewide vote of the people to increase the consumption tax by about 3%.
If any of the initiatives submitted through these proposals is adopted by the voters, since there is no possible way to fund a prebate without another constitutional amendment, the tax burden will fall disproportionately on the lower-income and middle class population of the state.
- The legislative bills previously introduced called for an undefined exclusion from the consumption tax on services of “business to business transactions”. The initiative petitions contain no such exclusions, which means that all services will be subject to the expanded consumption tax. These proposals would tax the services of lawyers, doctors, accountants, architects, consultants, advertising agencies, and interior designers at the greater than 12% rate (explained below), as well as also taxing rents, food, utilities, telecommunications, print and video advertising, day care, beauty care and other similar services.
- Because Missouri borders eight other states, those providing services or consuming services will simply move across the border, or go across the border to sell or purchase goods or services that they desire to consume at a lower tax rate. No fiscal impact statement can be complete without including an estimate of these adverse impacts.
Rather than create some great economic movement in Missouri, the passage of any of these initiative petitions will out-migrate Missouri talent providing services and shift Missouri purchases to other states.
- A Show-Me Institute study shows that the increased economic activity generated by having a consumption tax instead of income taxes would take a generation to occur (if it does), and in the shorter term may result in a loss of economic activity.

He said in order to assist the analysis, he will provide his view of the “prebate” concept from the FairTax Book, discuss prior efforts at broadening the consumption tax that have been introduced in the Missouri General Assembly, and the calculation errors that existed in prior calculations by the proponents.

The Importance of the Prebate to the Consumption Tax Discussion

It is generally recognized that sales taxes tend to be regressive—that is, they place more of the relative tax burden on those at the lower and middle-income level, who spend a higher percentage of their income on items that are subject to sales tax.

A consumption tax that broadens the definition of the goods and services that are subject to a sales tax arguably is even more regressive, as the broadened base would include areas where poor and middle-class families and individuals spend most of their money. Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care. Low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax.

In response to the concern that an expanded consumption tax is regressive, the authors of the FairTax Book, Neil Boortz and John Linder, developed the concept of a payment received by all citizens to alleviate the regressive nature of the expanded consumption tax. This payment, which would be made at the beginning of each month, is called a “prebate”.

The prebate is important to this discussion for two reasons. The first is that the expanded consumption tax is incredibly regressive without this payment. The second is that the prebate adds to the cost of this proposal dramatically if it in fact is paid to all citizens and accounted for in the fiscal analysis. The FairTax Book envisioned that the prebate would be given to every citizen; the Joseph Haslag/Abhi Sivasailam calculation of the prebate referenced herein assumed the same.

He said please note that while he disagrees with Ms. Wahby’s calculation, as outlined below, she also did attempt to take the prebate into consideration in her calculation.

Boortz/Linder on the Prebate

He said while he understands the potentially devastating effects of an increased consumption tax on the poor, the lower income class and middle class working people, the concept of the necessity of a prebate (upfront monthly payment to all citizens to offset the impact on lower and middle income citizens) to address that problem was contained in the original The FairTax Book, authored by Neil Boortz and John Linder.

Here are some excerpts discussing the prebate from the FairTax Book:

“The folks who wrote the FairTax plan knew that burdening the poor with a 23 percent retail sales tax would doom the plan from the outset...its creators ensured that no one should ever have to pay the sales tax on the basic necessities of life. That’s why the prebate—the monthly check on all basic household necessities—was invented.

The size of the monthly prebate payment will be based on the government’s published poverty levels for various-sized households. The number is updated every year to keep up with inflation, so the work of calculating the size of the prebate is already done. Here’s an example of how the prebate payments would work in 2005.

Let's say your household consists of a married couple with two children. The FairTax Act sets forth a formula for computing the poverty level, based on government figures, which negates any marriage penalty. Under the FairTax Act, in 2005 your household would be granted an annual consumption allowance of \$25,660. This is the amount the government estimates you would spend during that one year to buy the necessities of life for your family. The sales tax on this amount would equal \$5,902. The government would rebate this amount to you in twelve equal monthly installments of just under \$492.

Now, it's clear that low-income Americans will be better off, much better off, under the Fair Tax Plan. They would have their income and payroll taxes abolished; they would receive their whole paycheck with no federal withholding; they would have the 22 percent tax costs that are currently embedded in everything they buy eliminated; and they would receive a payment each month to guarantee they could spend all of their money up to the poverty level and not lose one penny to taxes. Wow....

Now... bear in mind, the prebate isn't just for the poor. It's paid to everyone, rich and poor alike. The purpose here is to make sure that no American has to pay the FairTax on the basic necessities of life. Unlike the present income tax system, the FairTax treats each and every person in this country exactly the same."

Part 2--Prior Legislation and Consumption Tax Calculations

2009 Legislative Session—HJR 36 filed by Representative Ed Emery

House Joint Resolution 36 was introduced in the 2009 General Assembly by Representative Ed Emery. HJR 36 would have repealed the Missouri individual income tax, the corporate income tax, the corporate franchise tax, the bank franchise tax, and all existing state sales and use taxes, and would have replaced them with a broadened tax upon "all sales, use, or consumption of all new tangible personal property, rental property, or taxable services".

Under HJR 36, the rate of the tax is set at 5.11%. In the fiscal note, the Oversight Division notes that "Officials from the University of Missouri, Economic and Policy Analysis and Research Center (EPARC) assumed a previous version of the proposal would if enacted...taxes would be replaced with a state sales tax rate of 5.11%."

Upon reading the fiscal note, it would appear to the uninformed reader that someone in Missouri actually did a calculation that verified the 5.11% as a correct number for replacing these taxes. Further investigation tells us that was not in fact the case, and that the 5.11% was not adequate to replace all of the repealed taxes.

The 5.11% is a calculation prepared by Karen Wahby of Americans for Fair Taxation, based upon a prior study of the Fair Tax by the Beacon Hill Institute at Suffolk University in Suffolk, Massachusetts. (A copy of her original calculations attached). Her calculation to reach the 5.11% is as follows:

	(in millions)
Private Consumption	\$168,862
Federal Government Consumption	\$16,285
State Government Consumption	\$17,174
Total Consumption	\$202,321
less Prebate base (poverty level spending)	-\$42,931
plus nontaxable government spending adjustment	\$3,799
Total Mo Fair Tax Base	\$163,189
Fair Tax Base Excluding govt consumption (Line 2)	\$146,904
Revenues to be replaced	\$7,142

Tax Rates

Rate to replace revenues in line 11	4.58%
Rate to replace revenues in Line 11 excluding federal government consumption	5.11%

He said there are a number of problems with this calculation. Since this calculation was performed in January 2009, it is assumed that Ms. Wahby was utilizing the most recent revenues from Fiscal Year 2008 as the replacement number. However, the actual revenues that would need to be replaced are:

	<u>Net Rcpts</u> <u>FY2008</u> (in millions)
Individual Income tax	\$5,210
Sales tax (general revenue)	\$1,931
Sales tax (1.225% non GR)	\$955
Corporate income and franchise taxes	\$459
Total	\$8,555

In essence when Ms. Wahby solved for the FairTax rate at 5.11% she solved for the wrong revenue number. She only solved for \$7.142 billion when she should have solved for \$8.555 billion. He said please note that his numbers include the 1/8% conservation tax and the 1/10% park and soils sales tax. The Wahby calculation also does not take into account that there are items in the consumption base that cannot be taxed.

He said hence there was never a basis for the legislation that would have set the proposed consumption tax rate at 5.11%. It was an incorrect calculation that was validated in the fiscal note; the fiscal note was simply incorrect, and the 5.11% proposed rate was dramatically too low.

He said even though this calculation was simply wrong, it has become institutionalized in legislative proposals, including a bill recently introduced in the 2011 legislative session.

What Does The Prebate Cost?--The Show Me Institute Calculation of the Prebate

There have been varying estimates of the cost of the prebate in Missouri. The Missouri Budget Project calculated that the cost of the prebate would exceed \$3 billion. For the purpose of his analysis he said he will utilize the estimates of the prebate cost that were developed by Joseph Haslag and Abhi Sivasaliam in a paper published by the Show-Me Institute on October 13, 2009 that was written in rebuttal of the \$3 billion calculation by the Missouri Budget Project.

Here is the calculation outlined in the paper by Haslag and Sivasaliam:

“We estimate the number of families qualified for the rebate to be 2,626,800—the number of resident filers for Missouri’s individual income tax, as of 2007. Dividing Missouri’s population by the number of resident filers yields an average family size of 2.2. The federal poverty threshold approximation associated with a family of 2.2 is \$15,393, which—when multiplied by the sales tax rate—amounts to an average rebate value of \$786.58. Multiplying the rebate value by the number of rebates, we estimate the total cost of the rebate to be \$2,066,167,540.”

This paper also stated that, utilizing this prebate figure, the consumption tax would be 5.79%, as noted in further discussion below.

He provided comments on the prebate at this level:

- Exemptions from the taxable base raise the required tax rate. If the 5.79% rate goes higher due to exemptions from the tax base, the prebate rate needs to be higher. As the tax burden increases (due to exemptions), the payment to offset the impact of the increased tax rate also needs to increase, or lower income and middle-income citizens are disproportionately impacted.
- This prebate calculation by Haslag and Sivasaliam does not address any local sales taxes. The proposed constitutional amendment requires local sales taxes to be adjusted to tax the same things as the increased consumption tax, and to adjust their rates accordingly. So the poor and working lower and middle class income citizens would have no prebate to offset the broadened base for local taxes.

The 2010 Legislative Session—HJR 56, HJR 71, SJR 29, SJR 36

In the 2010 General Assembly there were a number of bills similar to HJR 36 from the 2009 session that were introduced that called for an expanded consumption tax. These measures included HJR 56, introduced by Representative Ed Emery; HJR 71, introduced by Representative Andrew Koenig; SJR 29, introduced by Senator Chuck Purgason; and SJR 37, introduced by Senator Luann Ridgeway.

He said all of these measures continued to reference a tax rate of 5.11%, even though this number was clearly in error since its inception in the Karen Wahby calculation.

He said for the first time, one of the fiscal notes references the possibility that 5.11% is an incorrect number. The fiscal note states,

“..data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents and investment is difficult to access. What little literature is available on this subject suggests this rate is likely too low. For instance, the Show-Me Institute has calculated the rate to be 5.79%. Estimates from other groups, such as the Institute for Taxation and Economic Policy, range higher, as much as 12% or more. Assuming a 5.79% rate is correct, this proposal would be short of revenue neutrality by nearly 11.74%. Estimating lost individual income, sales tax, and corporate revenues at a very high \$7.1 B, this leads to a revenue shortfall of \$834 M.”

The Show-Me Institute's 5.79% Calculation

The calculation of the consumption tax rate at 5.79% comes from a paper dated October 13, 2009 that was published by the Show-Me Institute. The paper was written by Joseph Haslag and Abhi Sivasailam.

Here is their calculation of the 5.79% rate. The paper states:

“The sum of the new government revenue necessary to replace the individual income, corporate income, and sales taxes is \$7,117,761,408 in fiscal 2009, according to the Department of Revenue. Further, the cost of the rebate program is \$2,066,167,540. Dividing this by personal consumption of \$158,531,333,333, we arrive at a revenue-neutral sales tax rate of 5.79 percent”.

Please note that the \$7,117,761,408 only accounts for the 3% general fund sales, and not the additional 1.225% that goes into earmarked funds.

He said the other major assumption is that the \$158 billion in personal consumption will all be subject to the increased consumption tax to make the rate 5.79%. Clearly there are items in the \$158 billion, as noted blow, that cannot be taxed.

Response by the Institute on Taxation and Economic Policy

In analyzing and critiquing the 5.79% calculation, the Institute on Taxation and Economic Policy (ITEP) notes that the personal consumption number of \$158 billion includes many expenditures that are either exempt from the increased consumption tax under the proposal (expenditures for higher education, for example) and other expenditures that arguably cannot be taxed under federal law (health care spending by the government, rental value of owner occupied housing, food stamps, spending by charities on behalf of individuals, interstate transportation, foreign travel).

This leads to the central question noted earlier in determining what is the correct consumption tax rate: 1) what is the base to be taxed, 2) what is the prebate, and 3) what is exempt from the consumption tax?

These are all factors that are necessary to determine what the correct tax rate is.

The United For Missouri Calculations

One of the proponents of the initiative petitions that have been filed is a group called United for Missouri, which is headed by former State Representative Carl Bearden. In a PowerPoint presented at the Associated Industries of Missouri (AIM) conference in the fall of 2010, Carl Bearden of United for Missouri showed a calculation of an increased consumption tax that would be capped at 7%.

The assumptions made by Bearden in his calculation are similar to many of the assumptions contained in the initiative petitions, and include:

- A rate capped at 7%.
- In order to replace the 3% general fund sales tax and the 1% Proposition C sales tax, the rate would have to be 6.75%.
- The 6.75% does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax; an additional .15% sales tax is required to replace them.
- This brings the rate to 6.9% (assuming their calculations are correct, which he said he is not conceding). The cap is 7% and the 6.9%, if correct, leaves virtually no funding for the prebate. So while the Bearden presentation calls for a prebate, he has already utilized all of the new consumption tax to replace current state revenues.
- If the Bearden calculation is incorrect, there is no review allowed or required to re-establish the rate. The state simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.

The Bearden calculation is as follows:

Missouri Personal Consumption Expenditures. \$166 Billion

- ✓ Less imputed rents \$19.9B
- ✓ Less health care paid by government \$15.1B
- ✓ Less insurance and imputed financial services \$5.5B
- ✓ Less motor vehicles \$4.7B
- ✓ Less motor fuels \$6.3B
- ✓ Less education (K-12, higher ed, vocational) \$3.1B
- ✓ Less non-profit and religious services \$6.9B
- ✓ Less purchases of new homes \$6.9B
- ✓ Less misc other adjustments \$3.4B

Estimated Tax Base \$107.7 Billion

The tax base Bearden assumes above, and a 6.75% tax rate, creates tax receipts of \$7.27 billion.

The Bearden calculation also does not account for this major exemption listed in the initiative petitions:

- Healthcare services paid for by non-governmental entities for individuals, which are specifically excluded from taxation by these initiative petitions;

Please note that the Bearden calculation excludes only government-sponsored health care payments (Medicare and Medicaid), while the initiative petitions exclude all healthcare expenditures from the increased consumption tax, which is a huge difference.

According to the Missouri Tax Expenditure Report for 2009 (available on the Office of Administration, Division of Budget and Planning website) prepared by the Economic and Policy Analysis Research Center at the University of Missouri-Columbia, the *foregone state tax revenues (at 3%)* of not taxing healthcare, prescription drugs, and non-prescription drugs is:

Medical Care	\$994.0 million
Prescription Drugs	\$184.9 million
Non-Prescription Drugs	\$ 22.7 million

The initiative petitions also do not define a healthcare expenditure for an individual, which is a huge potential loophole. Are non-prescription drugs a healthcare expenditure? The same question would apply to therapeutic massage therapy, weight loss expenditures for services not delivered by a licensed medical practitioner, and residential expenditures for elderly care in an assisted living facility.

In any case, the Bearden calculation, which if correct required a tax rate of 6.75% to replace current revenues, did not exempt health care expenditures from the taxable base. At a 3% tax rate, this new exemption would cost about \$1.2 billion in state tax revenues, and the proposed increased consumption tax rate is over double the current tax rate.

He said this healthcare exemption clearly leaves the state dramatically short of replacing existing tax revenues, and the other remaining problem is that there is no funding available for a prebate under the initiative petitions.

Part 3—Other Problems With The Proposed Initiative Petitions

Gaming Revenues

He said neither the nine initiative petitions nor the Bearden calculation excludes gaming revenues from the taxable base. Gaming revenues are currently taxed at a rate of 21% of the gaming company's adjusted gross receipts; imposing an additional sales tax of more than 12% on the revenues from these operations would make their tax rate nearly one-third of their adjusted gross receipts.

In addition, gaming companies pay a fee of \$2.00 per every two hours for patrons utilizing their services. These fees would also be subject to the additional consumption tax.

The base for the increased consumption tax calculation should either exclude the gaming taxes from the increased consumption tax, or the fiscal note should reflect that gaming companies will be double taxed.

Local Franchise Agreements/Taxing Internet Services

Many telecommunications and video service providers currently operate in local communities through agreements that call for franchise fees. The increased consumption tax called for by these initiative petitions repeals all current sales tax exemptions, and also requires local governments to recalculate their local sales tax rates to comply with the new Missouri Constitution defined consumption tax. He said when this occurs, any business collecting and paying taxes through a local franchise fee or a similar tax characterized as a local use tax will have to layer on top of that the dramatically higher consumption tax.

Taxation of internet services are specifically prohibited by federal law. While the initiative petitions exempt from taxation those items exempted from taxation by federal law, it is unclear whether the petition advocates understood that these specific services are exempt and must be removed from the calculation.

Tax Credits

He said the proponents' proposals on tax credits are very confusing. They propose to bar the authorization or issuance of any tax credits that would be taken against any tax repealed by section 1(a) or 1 (b) of the initiative. The state income tax and corporate income tax are repealed by section 1(b).

The petitions further state that after June 30, 2016, no tax credits approved or redeemed against taxes repealed under section 1(a) or 1(b).

This second section would appear to allow credits to be taken against these taxes until June 30, 2016, even though the taxes against which they may be taken are repealed on December 31, 2013, and therefore there would be no tax liability against which to take them.

The Low Income Housing Tax Credit is a 10% credit taken over 10 years, and the project must be completed before the developer can begin receiving the credit. There are 10-year low-income housing tax credits already approved, within the current year and future years, where the project will be completed (thereby vesting and earning the credits) that will exceed both of these dates. He said apparently the intent of this proposal is to take those tax credits away from their owners without compensation.

When considering only low-income housing tax credits that are earned and vested by January 1, 2014, tax credit investors alone will lose in the hundreds of millions of dollars without compensation.

He said it is questionable whether the courts would allow this to happen. However, if the investors are paid by the state or allowed a credit against the consumption tax liability owed by a taxpayer, the initiative petitions run into the same problem as with other items discussed. All funds will have already been committed to other uses, and there will not be adequate funds to pay for these liabilities.

He said if funds are spent on tax credits after the passage of any of the initiative petitions, they take away from the available funds to replace current taxes, which are already inadequate to allow current state services to continue, as the analysis has shown.

Part 4—The “Economic Engine” Myth

He said proponents of the increased consumption tax laud the fact that replacing income taxes with consumption taxes will energize enormous economic growth. He suggested more research is needed, and in particular reference a publication by proponents of the increased consumption tax.

He suggested reading an article for the Show-Me Institute dated December 15, 2010 entitled Income Taxes vs. Sales Taxes: A Welfare Comparisons, written by Grant Casteel and Joseph Haslag.

Among the excerpts from the article he pointed out the following quotes:

“However, we also show that if people value current consumption enough relative to future consumption, they prefer the income tax regime to the sales tax regime.”

“When a sales tax policy is implemented, consumer spending declines.”

“After about a generation’s worth of time, people are happier under the sales tax policy than under the income tax policy.”

He said even by the proponents’ own statements, the short term impact of an increased consumption tax is that consumer spending declines, which will make tax revenues decline.

Part 5—What Is The Real Fiscal Impact Of These Proposals

What Is The Correct Calculation

He said the analysis shows that there are many factors that will impact the rate of the increased consumption tax if passed by the voters. Please note that while local sales tax

rates vary by city or county, the highest rates tend to be in the most populous areas, and therefore the majority of the citizens will pay at the very highest local rates.

He said the voters should know the correct tax rate before they vote on this radical and understudied concept. Here is the most reasonable calculation to use to show the proper rate if this proposal were to pass:

Tax Rate Required To Replace Current Taxes (with exemptions as provided in petitions)	9.00%
Tax Rate To Replace Conservation And Parks and Soils	.25%
Estimated Average Local Tax Rate With New Base	2.75%
Total Tax Rate For Expanded Consumption Tax (without prebate)	12.00%
Tax Rate To Provide For Prebate	3.00%
Total Tax Rate Providing for Prebate	15.00%

Suggested Ballot Language

He said he believes that all nine ballot petitions are fatally flawed. They do not generate adequate revenues to replace the current revenues they purport to replace, nor to provide for a prebate.

Although the initiative petitions call for the establishment of a prebate by law, there is no money available to fund the prebate at a number calculated by Joseph Haslag and Abhi Sivasailam (which would be too low because the tax rate will be higher than what they calculated). An additional constitutional amendment would have to be placed in front of the voters that would increase the consumption tax rate by approximately 3%.

He suggested the following fiscal note wording:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Marc H. Ellinger provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment to Article X of the Missouri Constitution, version 5a:

Executive Summary

Ellinger indicated he has submitted nine different and unique versions of a constitutional amendment to Article X. The analysis and review of any one version cannot be used as a template or, as Mr. Moody suggests, a carbon copy review of the other versions. The taxes repealed and the period of time of such repeal is different across the various petitions. This fact alone precludes a single letter or concept analysis of the fiscal impact of any version. Moreover, the exemptions from the new tax differ in the versions, further compounding the logical failure of any analysis seeking to review all of the versions together, including Moody's letter. This proposed statement of fiscal impact addresses only Version 5a, pursuant to Section 116.175, RSMo, and 15 CSR 40-5.010 (4) (C), (D), and (E).

Summary of Version 5a

- Repeals the individual income tax (January 1, 2014);
- Repeals current sales and uses taxes (January 1, 2014);
- Preserves the Parks and Soils and Conservations Sales Tax as they currently exist;
- Requires the general assembly to impose and levy a tax on sales to individuals and services provided to individuals (January 1, 2014) at a rate not to exceed 7%;
- Specifically exempts sales and services which have previously been taxed; services rendered by an employee for an employer; intangible personal property held for investment purposes; sales of real property; sales of motor fuel; tuition and fees of elementary, secondary or higher education; insurance premiums and products; property and services used for agriculture; sales or services to or for the benefit of political subdivisions, businesses or charitable organizations; sales or services for the benefit of an individual's healthcare (as provided for by law); sales made through the use of federal food stamp coupons; sales under the supplemental feeding for women, infants and children program; sales exempted from state taxation under federal programs; non-proprietary sales or services performed by political subdivisions; sales which the state is prohibited from taxing; and any other sale or service exempted by the General Assembly;
- Requires the general assembly to provide a rebate or credit to be applied to the taxable purchases by individuals; and
- Allows county or political subdivision to broaden the base of existing taxes, licenses, or fees, with voter approval.

Proposed Statement of Fiscal Impact for Version 5a

The total cost or savings to state or local governmental entities is unknown. Most state governmental entities estimate no costs, however, some state governmental entities may have unquantified indirect costs. It is estimated this proposal will have no costs or savings to local governmental entities.

Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero in FY 2013 and unknown in FY 2014. The net effect on state funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on state funds in FY 2014 is unknown. While the individual income tax, and current sales tax are repealed, the new sales tax generally replaces the lost revenue. The net effect on local funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on local funds in FY 2014 is also zero since political subdivisions are given an option to recalculate their tax rates and apply the new rate to an expanded base.

ESTIMATED NET EFFECT ON STATE FUNDS (in thousands)		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	unknown
Total Estimated Net Effect on All State Funds	\$0	unknown
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

The proposed amendment would neither establish a new program or agency nor duplicate an existing program or agency.

The proposed amendment is not a federal mandate.

No new program or agency is being created; therefore, there is no new program or agency that will have a direct fiscal impact on any political subdivision of the state.

No new physical facilities will be required by the proposed amendment.

The proposed amendment will have a positive economic impact on small businesses in FY 2014 and going forward. Small business owners and S Corporations will no longer pay state income tax. Small businesses would be exempt from paying the replacement sales tax. The proposed amendment will result in a significant positive economic impact on small businesses, and it is likely that at least some of the cost savings will be passed onto consumers.

Response to letter from Mr. James R. Moody

It is unclear whether the letter dated January 24, 2011 is in response to this specific proposed amendment or whether it is a general response to “Fair Tax” ideas. The letter consults numerous sources that are irrelevant and immaterial to the proposed amendment. 15 CSR 40-5.010 (4)(C) requires that the proposed statement of fiscal impact “be limited to the estimated fiscal impact of the proposed measure.” The letter also makes numerous misstatements about the contents and effect of the proposed amendment. This response serves to clarify what should be considered by the Auditor’s office in preparing the fiscal statement and to clarify the substance and effect of the proposed amendment.

Moody references a number of items which can be addressed first, generally. The numbers and analyses of past legislative proposals should be disregarded. Moody’s discussion of the substance of these proposals and their fiscal impact has no bearing on the proposed amendment. The proposed amendment is significantly different than any past legislation. Moody’s discussion of these proposals is irrelevant to the fiscal impact of the proposed amendment.

Moody also presents numbers and analyses from a book titled “Fair Tax,” a study by the Show-Me Institute, and reports from the Missouri Budget Project and United for Missouri. Moody’s discussion of these studies has no bearing on the proposed amendment. None of these studies were conducted on the proposed amendment or pertain directly to the provisions of the proposed amendment (as required by 15 CSR40-5.010(4)(C), (D), and (E)). The proposed amendment is not called the “fair tax” and the ideas and opinions in any fair tax books or made concerning prior fair tax proposals are not analyses of the fiscal impact of the proposed amendment before the Auditor. The Show-Me Institute study is not a study of our proposal. As the author, Joe Haslag, has stated, the study focused on a fictional model economy and was never meant to represent any version of tax reform under consideration. The study was published on December 15, 2010 and is not an analysis of the proposals that were filed on January 14, 2011. Moody’s discussion of the substance of any proposed tax schemes from these sources and their fiscal impact is irrelevant to the fiscal impact of the proposed amendment, and therefore Moody’s comments and discussion regarding these sources should be disregarded.

With respect to Moody’s more specific points, each of which will be addressed in the order presented, Moody makes several statements about the proposed amendment which are factually inaccurate. Moody also makes several assertions of fact and offers his own fiscal analysis, yet none of the assertions or any evidence or authority supports the numbers offered by Moody. Finally, much of the evidence actually tends to disprove the statements made by Moody.

Moody claims that the petitions “will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.” The proposed amendment will neither bankrupt the state nor the poor. Examples of other states with no income taxes demonstrate the feasibility of the proposed amendment. *See* Appendix A.

With respect to the cost of any “prebate,” Moody turns to a number of sources that are irrelevant to the proposed amendment, as discussed above. The proposed amendment requires the General Assembly to provide “a rebate or credit to be applied to the taxable purchases by individuals, as defined by the general assembly.” Version 5a, Section 1(i). The rebate or credit is mandated by the proposed amendment. While the size and scope of such a rebate or credit are subject to debate, the General Assembly is mandated to create such a system and thus protect the interests of individuals in Missouri. In addition, Moody claims that funding a prebate “would require the passage of a constitutional amendment” and that the “tax burden will fall disproportionately on the lower-income and middle class population of the state.” However, Moody provides no evidence of analysis to support his claims about the size of the rebate or the distribution of the taxes paid by income group relative to the proposed amendment.

Moody claims that the initiative petitions contain no exclusion for “business to business transactions.” This is factually inaccurate. The proposed amendment states that the “general assembly shall enact a law...imposing and levying a tax on all sales to individuals and on all services provided to individuals[.]” Version 5a, Section 1(e)(1). The proposed amendment also defines “Sales” as “any transfer exchange, or barter, conditional or otherwise, to an individual[.]” Version 5a, Section 1(g)(1). The proposed amendment defines “Services” as “all activities for the benefit, use or consumption of an individual[.]” Version 5a, Section 1(g)(2). Finally Section 1(f)(9) of Version 5a specifically exempts business to business transactions. That section reads, in part, “Sales or services to or for the benefit of...a business...and the sale of service is in furtherance of the purpose of...a business[.]” Moody’s statement that there is no exclusion for “business to business transactions” is simply wrong.

Moody suggests that the proposed amendment “will out-migrate Missouri talent providing services and shift Missouri purchases to other states.” While some individuals may choose to purchase goods elsewhere near the border because of lower sales taxes in neighboring states, this impact shall be offset by individuals who chose to move into the state of Missouri because of lower income taxes (0%) and lower costs of doing business (0% sales tax on business to business transactions). It is impossible to accurately estimate the net impact on individual behavior. However, the experience of other states shows that states with no income tax have experienced more rapid population growth than states with an income tax. There is no evidence that a broad consumption tax leads to an exodus of individuals from a state. *See Appendix B.*

Moody makes the claim that “it is generally recognized that sales taxes tend to be regressive” but provides no authority for such claim, nor does he provide any authority or evidence that the tax under the proposed amendment would “tend to be regressive.”

Moody alleges that low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax. Moody fails to recognize that under the proposed amendment, the Medicaid benefits, supplemental nutrition program benefits and a multitude of services from not-for-profit and religious organizations received by low-income individuals are all exempt from the

sales tax under the proposed amendment. See, e.g., Version 5a, Section 1(f)(9)-(13), (15). Furthermore, the general assembly may choose to exempt other sales or services under Section 1(f)(16).

Moody utilizes “United for Missouri” calculations, and points out that the rate of tax estimated by United for Missouri “does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax.” He states that “an additional .15% sales tax is required to replace them.” The proposed amendment does not repeal the conservation sales tax or the parks and soils sales tax. See Version 5a, Section 1(d) (“All laws imposing sales and use taxes, and exemptions thereto...are repealed...except any taxes imposed by Article IV, Sections 43(a) and 47(a) or any taxes provided for by Article IV, Section 30(a)[.]”). Thus any calculation suggesting these taxes need to be “replaced” is inherently flawed.

Moody suggests that under the proposed amendment “[t]he State simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.” However, as the fiscal analysis of the proposed amendment above demonstrates, the fiscal impact in FY 2013 zero and in FY 2014 is unknown.

Moody claims that “United for Missouri’s” calculations are flawed because they do not account for “the major exemption” of healthcare services. Version 5a, Section 1(f)(10) exempts “Sales or services for the benefit of any individual’s healthcare as may be provided by law.” Therefore, healthcare services paid for by non-governmental entities for individuals are included in the tax base of the proposed amendment. Healthcare sales or services may be exempted by the General Assembly, as provided by law. Moody himself states that healthcare would be taxed on page 4 of his remarks. (“*Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care.*”)

Moody states that the proposed amendment does not exclude “gaming revenues” from the taxable base. Moody is correct that gaming revenues are currently taxed at a rate of 21%. Section 313.822, RSMo, provides “A tax is imposed on the adjusted gross receipts received from gambling games authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent.” The tax in the proposed amendment is not on “adjusted gross receipts” but rather, is “on all sales to individuals and on all services provided to individuals[.]” Version 5a, Section 1(e)(1). Gaming revenues and the admission fee are neither sales to individuals nor services provided to individuals and are thus not included in the taxable base under the proposed amendment.

Moody also states that the proposed amendment “requires local government to recalculate their local sales tax rates[.]” This is simply untrue. Version 5a, Section 1(j)(1) states “Effective January 1, 2014, any county or political subdivision may broaden the base of an existing tax, license or fee, only with the approval of the majority of the qualified voters[.]”

Moody suggests that the corporate income tax is repealed by the proposed amendment. This is inaccurate. The corporate income tax is not repealed by the proposed amendment. Version 5a, Section 1(b) repeals “Any law...that imposes a tax...that is on or measured by the income or earnings of an individual” effective January 1, 2014.

Moody also takes issue with the tax credit provisions of the proposed amendments, stating that tax credit investors will lose hundreds of millions of dollars without compensation. Version 5a, Section 1(a)(3), provides that the general assembly shall not have the power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied to the individual income tax or sales tax except as provided in the proposed amendment. Section 1(c) provides that no tax credits shall be authorized or issued after 2013 to be applied to the individual income tax. Section 1(c) also provides that any tax credits authorized or issued prior to 2013 can be approved or redeemed (and applied to individual income tax) until June 30, 2016. Even after 2016, tax credits can be applied against other taxes, including: the corporate income tax, the franchise tax, the bank tax, the insurance premium tax, the other financial institutions tax, the express companies tax. Specifically, those with low income housing tax credits can redeem (or sell such credits to others who can redeem) such credits against the corporate franchise tax, the financial institution tax, and the insurance company premium tax. Furthermore, nothing in this measure if passed would restrict the ability of the General Assembly as provided by law from offering the current equivalent of such benefits, in a form other than tax credits, directly by general law.

Moody suggests that the proposed amendment relies on an “economic engine” myth. However, our fiscal analysis assumes no dynamic effect on GDP growth. When projecting the state GDP we rely on national GDP estimates from the CBO. Since both our tax base projections and the projections of revenues eliminated by our measure are driven by the size of the future state GDP, our fiscal impact notes are in effect immunized to varying assumptions about changes in GDP. There is however evidence that over long periods of time, states with no income tax experience faster economic growth. *See* Appendix B.

Moody suggests that “increased consumption tax” will decrease consumer spending. Again, he offers no evidence or authority for this claim. It is possible to theorize that raising taxes on consumption would decrease consumption. However, it is also important to recognize that by our estimates, the proposed amendment adds \$5.7 billion (2014) dollars of what would normally be collected as individual income tax into the pockets of Missouri consumers. This additional spending power should translate into additional consumption offsetting potential declines from imposing a broad consumption tax.

Finally, Moody offers the “Real Fiscal Impact” of the proposed amendment. His analysis is flawed. First, the Conservation and Parks and Soils Taxes are not repealed by the proposed amendment. Second, local municipalities are not required to recalculate their tax rates. Moody also fails to account for the unique differences of Version 5a, specifically Moody fails to assess how a different rebate or credit provision will affect the costs or savings to the state. He suggests that a tax rate of 9% will be required to replace

current taxes, yet offers no explanation or evidence for how that rate was calculated. None of the no-income tax states in the United States have a sales tax rate that exceeds 7%. *See* Appendix A.

Finally Moody suggests the following fiscal impact statement:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Moody has not demonstrated that seven percent is inadequate to replace current state revenues. He has not demonstrated a shifting tax burden. His argument about tax credits is inaccurate as explained above. Similarly, his explanation of the taxable base contains factual inaccuracies. Section 116.174.3, RSMo, requires that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities. The fiscal note summary shall contain no more than fifty words, excluding articles, which shall summarize the fiscal note in language neither argumentative nor likely to create prejudice either for or against the proposed measure." Moody's proposed summary does not state the measure's estimated cost or savings. The language is not only argumentative and likely to create prejudice, but is also factually inaccurate and should be wholly rejected by the Auditor.

Appendix A – No income tax states

All Data for Fiscal Year 2008, numbers in thousands

State	General Sales Tax Rate	State Taxes	General Sales Tax	Motor fuel, alcohol, tobacco, utility and other sales taxes (gaming etc.)	% from General Sales	% from Selective Sales	% from All Sales Taxes
Alaska	0.00%	8,424,714	-	279,569	0.0%	3.3%	3.3%
Alaska derives the majority of state revenue comes from oil royalties							
Florida	6.00%	35,849,998	21,518,100	7,778,923	60.0%	21.7%	81.7%
New Hampshire	0.00%	2,251,179	-	792,947	0.0%	35.2%	35.2%
New Hampshire derives significant revenues from corporate income taxes and state property taxes							
Nevada	6.90%	6,115,585	3,077,433	1,853,019	50.3%	30.3%	80.6%
Nevada derives significant (\$1.3 b) revenues from gaming taxes							
South Dakota	4.00%	1,321,368	732,438	339,814	55.4%	25.7%	81.1%
Tennessee	7.00%	11,538,430	6,832,948	1,779,434	59.2%	15.4%	74.6%
Texas	6.25%	44,675,953	21,668,972	11,696,220	48.5%	26.2%	74.7%
Washington	6.50%	17,959,833	11,344,622	3,056,046	63.2%	17.0%	80.2%
Wyoming	4.00%	2,404,843	981,198	134,663	40.8%	5.6%	46.4%
Wyoming derives significant (\$0.95b) revenues from mineral rights							
Missouri	4.225%	10,965,171	3,228,274	1,542,357	29.4%	14.1%	43.5%

Sources: <http://www2.census.gov/govs/estimate/08slsstab1a.xls> , <http://www2.census.gov/govs/estimate/08slsstab1b.xls> , http://dor.myflorida.com/dor/taxes/sales_tax.html , <http://tax.state.nv.us/pubs.htm> , <http://www.state.sd.us/drr2/businesstax/st/salestax.htm> , <http://www.window.state.tx.us/taxinfo/sales/> , http://dor.wa.gov/docs/forms/Excstx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf , <http://revenue.state.wy.us/portals/bvs/desktopdefault.aspx?tabindex=3&tabid=10>

Appendix B – Population Change in No Income Tax States

Territory	2000 Population	2009 Population	Population Growth	Faster (Slower) than United States Average
Alaska	626,932	698,473	11.41%	2.32%
Florida	15,982,378	18,537,969	15.99%	6.90%
Nevada	1,998,257	2,643,085	32.27%	23.18%
New Hampshire	1,235,786	1,324,575	7.18%	(1.91%)
South Dakota	754,844	812,383	7.62%	(1.47%)
Tennessee	5,689,283	6,296,254	10.67%	1.58%
Texas	20,851,820	24,782,302	18.85%	9.76%
Washington	5,894,121	6,664,195	13.07%	3.97%
Wyoming	493,782	544,270	10.22%	1.13%
United States	281,421,906	307,006,550	9.09%	
No-income-tax state average			14.37%	5.28%
No-income-tax state weighted-average			16.40%	7.30%
Missouri	5,595,211	5,987,580	7.01%	(2.08%)

Notes: 2009, July estimate

Sources: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-_box_head_nbr=GCT-PH1&-ds_name=DEC_2000_SF1_U&-format=US-9, http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-_box_head_nbr=GCT-T1-R&-ds_name=PEP_2009_EST&-redoLog=false&-format=US-40S&-mt_name=DEC_2000_SF1_U_GCTPH1_US9

The **State Auditor's office** summarizes the comments provided as follows:

It is the duty of the State Auditor to provide fair, unbiased fiscal notes and summaries for initiative petitions, estimating the fiscal impact of the initiative, and the office takes this responsibility seriously. But, it is also the office's responsibility to inform the voters when initiatives are so broad that the fiscal impact cannot reasonably be predicted. That is the case with this petition.

To assist in drafting the fiscal note and summary, the office received input from 22 public entities, and Mr. Marc H. Ellinger and Mr. James R. Moody provided information as a proponent and opponent of the proposals, respectively. The cost and savings estimates ranged from an unknown or no fiscal impact to a projected state budget shortfall in excess of \$1.02 billion.

The petition is dependent upon undefined variables related to legislative actions required and changes in consumer spending, none of which can be predicted at this time. Some of the legislative actions include, but are not limited to:

- The legislature must establish the specific sales tax rate, up to seven percent.
- The legislature must determine how to address tax credits in the event tax credits can no longer be redeemed.
- The legislature must determine what healthcare costs, if any, will be exempt from taxation.
- The legislature must establish a method for calculating and providing sales tax rebates, credits or prebates.
- The legislature must determine what additional tax exemptions, if any, will exist.
- The legislature must determine if senior citizens and the disabled are to continue receiving certain tax credits.
- The legislature must determine whether to collect delinquent taxes and pay tax refunds.

In addition to the legislative uncertainties, both proponents and opponents make wide-ranging assumptions regarding consumer spending which are not verifiable. Some of the unanswered questions regarding consumer spending include, but are not limited to:

- Whether the elimination of a state income tax will cause people to move into Missouri with a corresponding increase in the tax base.
- Whether the implementation of a "consumption tax" will lead citizens to move out of Missouri.

- Whether citizens living near a bordering state will avoid the sales tax by shopping across state lines if the bordering state has a lower sales tax.
- Whether Missourians will avoid the sales tax by buying more used items instead of new items.
- Whether Missourians will avoid the sales tax by shopping online instead of in state.
- Whether service providers will establish locations outside of Missouri to avoid a sales tax on services.

While the office discounts the dire predictions of state bankruptcy, predictions of little or no fiscal impact on the state are also difficult to support. While quantifying risks where possible is preferred, for the foregoing reasons, it would be inappropriate for the office to attempt to prospectively quantify the effects of this broad initiative.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Fiscal Note Summary

The total cost, savings, and/or change in tax revenue to state and local governmental entities cannot be determined. The proposal (1) requires a range of legislative action with unknown outcomes, and (2) will result in changes to consumer spending patterns that cannot be presently quantified.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-20)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received January 18, 2011)

Date

February 7, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

James R. Moody provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated that elimination of tax credits would have a negative impact on revenue for the Missouri Agricultural and Small Business Development Authority (MASBDA). Average annual revenues for the last four years (FY07-FY10) were \$286,135 per year. Therefore, it appears that MASBDA would realize \$143,070 in reduced revenues in FY 14. Reduced revenues in FY 15 and thereafter are estimated to equal \$286,135 per year.

Officials from the **Department of Economic Development** indicated they have reviewed Initiative Petitions 11-16, 11-17, 11-18, 11-19, 11-20, 11-22, and 11-23. Because there is no material difference among these proposals (hereinafter “this proposal”) as pertinent to the Department of Economic Development, we are submitting this combined memorandum. This proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual and eliminates the power of the General Assembly to enact such taxes, effective January 1, 2014. The repealed taxes are to be replaced with a sale and use tax of up to seven percent imposed on the purchase of goods and services by consumers, subject to a number of exemptions enacted in place of all current sales tax exemptions.

As impacts the Department of Economic Development, this proposal would eliminate the General Assembly’s power to authorize the issuance, approval or redemption of any tax credits to be applied against the taxes repealed by the proposal, which, as relevant to tax credits and other tax-based incentive programs, includes personal income and withholding taxes. This proposal further provides that no tax credits shall be authorized or issued to be applied to the repealed taxes after December 31, 2013. After June 30, 2016, no tax credits authorized by the General Assembly to be applied to any of the repealed taxes issued on or before December 31, 2013 shall be approved or redeemed. The department assumes that tax credits could continue to be redeemed against the remaining applicable taxes types, including the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes, which would remain intact under this proposal because they are not “measured by income or earnings of an individual.”¹

Finally, this proposal would repeal and prohibit the General Assembly from enacting any law authorizing any county or other political subdivision to impose a tax measured by

¹ This is in contrast to IP 11-15, which, as applicable to the taxes against which tax credits typically may be redeemed, leaves intact only the insurance premium tax.

earnings or income, unless the tax was imposed by a city prior to January 1, 2013. In addition, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under this proposal, without a mechanism for the local sales taxes to be replaced.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. The Department of Economic Development administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by prohibiting the redemption of such credits after June 30, 2016 against the now-repealed personal income tax. The department assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. The department also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature. The department also assumes that after June 30, 2016, tax credits could continue to be redeemed utilizing either of these two options to the extent applicable to the specific credit.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's

effective date through December 31, 2013, because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have—i.e. in advance of the 2016 redemption deadline—or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is likely to be litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from

the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund such projects are income-tax based, this proposal would jeopardize the financing for these projects by repealing the taxes generating the necessary revenues to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by taxes that would be repealed under this proposal, which could mean that the relevant local entity would default on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds would negatively impact not only the specific local entity but also the municipal bond market overall.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local

development projects. The department will defer to DOR for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** provided the following Calculation of Tax on Insurance Premiums from Initiative Petitions 11-15 thru 11-23.

		Incidence of tax on seller	Incidence of tax on buyer
Initiative Petition	Tax Rate	Gross Domestic Insurance Company Premiums* TAX YEAR 2009	Total Insurance Premiums TAX YEAR 2009
		\$768,761,954.49	\$12,634,241,702.02
11-15 thru 11-22	7%	\$53,813,336.81	\$884,396,919.14
11-23	4%	\$30,750,478.18	\$505,369,668.08

*Due to exemption proposed tax primarily collected from domestic insurance companies

ASSUMPTIONS/NOTES:

- 1) Numbers presented assume insurance product sales remain constant
- 2) Insurance product sales may be impacted if insurance premiums rise due to the proposed sales tax
- 3) Domestic insurance companies may re-domicile from Missouri to foreign states if the incidence of tax is on the seller, reducing the amount collected
- 4) If the general assembly does not exempt health insurance premiums as a benefit for individual healthcare, the total amount of insurance premiums subject to the proposed sales tax would increase by an estimated \$2,693,623,829 or \$10,943,678,671 respectively

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition as it appears to hold the department's Parks and Soil Sales Tax funds harmless.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department; however, they defer to the Office of Administration for the statewide impact.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$14,389,007 for fiscal year 2014.

The costs include increased:

Salaries-\$7,841,707

Fringe Benefits-\$4,104,349

Equipment and Expense-\$2,442,951

They said the proposal affects all state agencies that are funded by general revenues. It also affects all political subdivisions with local taxes. The department does not know whether this proposal was forwarded to all affected entities. It is unclear what the impact will be on small business.

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$102,396.

The value of the level of effort is calculated on 3864 FTE hours.

They said income tax revenue will decline and sales tax revenue must increase.

The department and ITSD-DOR will need to make programming changes to various tax systems.

Assumptions and methodology used in arriving at state fiscal impact:

Comments and Assumptions:

- The FTE impact for the processing area in fiscal year 2014 is based on a nine-month cycle. Personnel will be required to be fully trained as of January 1, 2014. The department will need to hire and begin training temporary staff in October 2013.

Personal Tax:

- For FY 12 – Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 13 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15 – Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax (July 2014 through December 2014). For the last six months of FY15 (January 2015 – June 2015), Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and

collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- The registration area would see an impact because including all services as a taxable product would greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
 - FY12 - No impact
 - FY13 - No impact
 - FY14 - Based on the presumption of doubling the number of businesses, for registration, contacts, collection effort –CATA will need an additional 88 temporary employees (CATA's FY09 sales use tax and registration FTE impact was 44) Training will begin in October of 2013.
 - FY15 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income, withholding and corporate tax accounts (this reduction will not be seen in this analysis as the period of the fiscal note ends in 2014).

Sales, Excise and Business Tax:

- The following impact is based upon the assumption that the workload for sales and use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., Business tax will need an additional 97 temporary employees for sales and use tax.
- The department assumes that although the new sales tax would go into effect January 1, 2014, current staff responsible for corporate tax, withholding tax and personal tax will not be available for reallocation until the last half of FY15, and even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 – No impact
 - FY 14 – Business tax will need 97 temporary employees. Training will begin in October of 2014. These would be temporary employees however, since they will be employed for nine months, benefits will be provided.
 - FY 15 – For the first half of the year Business tax will need the 97 temporary employees and for the second half Business tax will need 73 temporary employees. The reduction for the second half of FY15 is based upon the assumption that 25% of the permanent staff will now be available for reallocation – Rather than hire new temporary staff, which would require training the new staff; it would be more beneficial to retain the temporary employees. The employees would then be eligible for benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Corporate/Withholding Tax:

- For FY 12 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 13 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 14 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 15 – Corporate/Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) and 79% of existing staff in the Corporate Tax Section (19 out of 24 FTE) to continue the processing and collection duties of withholding and corporate tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in business tax area on a one-to-one basis.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. To conduct double that amount (4,700 sales and use tax audits), it would be necessary to double audit enforcement staff, including additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions would increase Field Compliance to 320 positions and a payroll of approximately \$14.0 million.
- Each additional employee would have start up costs which would include a new computer, file cabinet, desk, chair, side chair, calculator, and on-going supplies. The approximate cost for 160 new employees would be \$454,080. The travel and operating budget could potentially double by moving the budget from \$400,000 to potentially \$800,000. This would bring the approximate Expense and Equipment cost to approximately \$1.2 million.
- The department would need to expand and possibly move each in-state and out of state audit office facility to accommodate the increase in personnel. The estimated cost double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal:

- For FY12 – No impact
- For FY13 – No impact
- For FY14 – Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

Prebate:

Because the prebate will be provided by subsequent legislation, the department cannot determine what resources will be required with any certainty. But additional resources above those already identified will be required.

Comments:

- Eliminating the income tax would not “eliminate” the filing of returns. Individual income tax filers will file their 2013 calendar year returns after January 1, 2014. Individuals and businesses would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2014.
- The department is not clear whether the state would have the authority to require sellers to collect this tax. The legislation does not have similar language to current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does.
- The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state’s rights with respect to such taxes. The amendment is unclear as to whether such provisions are eliminated. If they are, that would mean that the state cannot assess, audit, or refund.
- There is no basis for thinking the state sales tax rate can be set at 7 percent and still generate the revenue that income taxes currently generate for general revenue.
- The department is unclear of the impact to taxes or refunds due, but not yet paid. Instead of repealing the laws on January 1, 2014, the department would recommend changing language to say: “For tax years beginning on or after January 1, 2014...” Also, the existing laws should remain in place in order to wrap up all old business.
- This proposal prevents any tax credit from being issued after December 31, 2013 and prevents any tax credit redemptions after June 30, 2016. This would impact many individuals who have credits that can be carried forward beyond FY2016.
- Without further action by the general assembly, every local taxing jurisdiction's sales tax could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.
- There is no provision provided in this petition which allows for rate adjustments.
- This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission. In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative judgments are considered to have finality. The proposal requires the department to bear

the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petitions do not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim an exemption, but would not be responsible for actually proving it was entitled to it.

The following are observations made by the department regarding the various exemptions:

- (1) Sales of personal property, which were transferred in a taxable transaction in another state before being brought into Missouri, are not exempt.
- (3) “Other similar intangible personal property held for investment purposes” is vague and will generate litigation.
- (4) Exempts sales of real property, but not rentals or leases of real property.
- (8) The terms “agricultural trade” and “agricultural business purposes” are vague and will generate litigation.
- (10) Exemption is broader than just purchases of healthcare items and services. It also includes any item purchased by a doctor or hospital for the benefit of any of its patients.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if adopted by the voters, will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals, with various exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1 (d) of both proposals would appear to leave intact such sales tax. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. Consequently, it appears that both proposals would have an impact on department funds, but it is unknown at this time whether the proposals would result in an increase or decrease of funds.

Officials from the **Department of Transportation** indicated the total estimated reduction in revenue on all state funds will be \$136 million for 2014, \$290 million for 2015, and \$298 million for 2016. Funds affected include the Road Fund, the Road Bond Fund, and the Transportation Fund. The total estimated reduction in revenue on all local funds will be \$18 million for 2014, \$31 million for 2015, and \$31 million for 2016.

This IP makes several changes to Missouri's current state taxation laws. The IP will have a significant negative impact to MoDOT. MoDOT's aviation jet fuel sales and motor fuel tax revenues would remain the same and would remain frozen at their current rates. MoDOT would lose a significant portion of its state revenue stream from the redirection of motor vehicle sales taxes to the General Revenue Fund.

The loss of revenue from motor vehicle sales and use taxes would also impact cities and counties as they receive a portion of the motor vehicle sales and use tax revenue stream.

The department also has concerns that the Missouri Highways and Transportation Commission would likely face a downgrade of its rating as it relates to its \$3.3 billion of outstanding State Road Bonds due to such a significant change in revenue for the department.

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the division should it be approved by the voters.

They made the following comments:

To replace foregone revenues the General Assembly shall enact a law imposing a sales tax not to exceed 7%. Revenues from this sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Prop. C), which shall be held harmless.
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit.
3. An unspecified rebate program for low income families. Because no details of the program are given in the proposal, Budget and Planning (BAP) cannot determine the potential cost. Further, the spending program would be subject to appropriation, the uncertainty of which could negatively influence consumer behavior.

BAP notes the possibility exists that the General Assembly is unable to enact a new sales tax law by January 1, 2014. In this case, given the repeal of the other major taxes listed above, the state would be left with very little revenue.

Because the existing sales tax law is repealed, many if not most of the existing sales taxes for numerous political subdivisions, including counties, cities, public safety districts, transportation development districts, and others are potentially nullified. The proposal does not specify a direct mechanism to replace the sales tax base or local revenues, although this could be addressed when the General Assembly enacts the new sales tax law required in Section 1(e). The DOR reports collections of \$2.298B in local sales tax revenues in FY 2010.

Calculating a Sales Tax Rate

The proposal calls for a 7% sales tax rate on a newly defined sales tax base. However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access. Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate.² Estimates from other groups, such as the Institute for Taxation and Economic Policy (ITEP) also suggest something greater than 11%.³

Estimating the Consumption Base

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US Department of Commerce Bureau of Economic Analysis (BEA's) national income and product account (NIPA) tables as reported by the BEA in December 2010,⁴ excluding items that are non-taxable under federal law or under the proposal. Also, BAP notes that the proposal's exemption for individual healthcare expenditures is broad and undefined until such time as the legislature defines it, so the actual health care exemption may be much different than the figure estimated below. Finally, BAP estimates the loss due to explicit avoidance activities, such as Internet purchases, traveling across state lines, or the purchase of used goods, as 10%; this figure is entirely arbitrary. Missouri expenditures are assumed to be 1.77% of national expenditures, based on Missouri portion of personal income in 2009 as reported by the BEA in December 2010.⁵ BAP estimates the consumption base to be \$89.719B as in Table 1. At the 7% rate codified in the proposal, this would generate a little over \$6.28B in revenues. However, if the General Assembly enacts a sales tax rate less than 7%, revenues would be reduced accordingly.

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal increases prices, via a new sales tax, for many products and services. These include but are not limited to food for home consumption, domestic utilities and telecommunications, rents, daycare providers, consumer legal and financial services, realty services, repair services, and personal care services.
- According to US Census Bureau data, roughly two-thirds of Missouri's population lives in a county bordering another state. The potential for retail sales

² http://www.showmeinstitute.org/docLib/20101215_income_taxes.pdf

³ <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

⁴ <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>

⁵ <http://www.bea.gov/regional/spi/drill.cfm>

leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.

- The growing use of electronic commerce will dampen the growth of easily taxable consumption.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families. This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$4.46 billion in state and local income taxes were deducted in tax year 2008.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,001.3
Net Used Motor Vehicles	2.4.5; 06	(104.1)
Motor Fuel	2.4.5; 36	(280.8)
Higher Education	2.4.5: 101	(145.5)
PK-12 Education	2.4.5: 102	(39.7)
Vocational Education	2.4.5: 103	(37.5)
Insurance Premiums	2.4.5: 90	(308.6)
Individual Healthcare	2.4.5: 60	(1,623.2)
Food Stamps (not taxable under federal law)	3.12: 021	(54.6)
Free checking & other financial services	2.4.5: 088	(271.2)
Rental Value of owner-occupied housing	2.4.5: 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5: 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5: 064	(45.1)
Foreign travel by US citizens	2.4.5: 109	(105.4)
Foreign travel into US	2.4.5: 110	124.5
US taxable base		5,639.3
MO share 1.77%:		99.816
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Assume 10% loss for avoidance, purchases of other used goods		(9.982)
Taxable Base		89.719
Revenues At 7% Rate		6,280,330,000

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. Finally, the table includes the replacement of existing motor vehicle sales taxes, which are currently dedicated to highway usage but which would have to be replaced in order to hold those funds harmless.

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of nearly \$1.02B when compared to revenue collections in FY 2010, the second year of revenues severely depressed by the national recession. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Further, this calculation does not take into account any spending needed to administer the rebate program described in section 1(i). To offset each additional \$897 million in spending, the sales tax rate would have to be raised 1%, according to the sales tax base calculated above.

Finally, this calculation does not take into account the potential need to replace \$2.298B in local sales tax revenues. An additional sales tax of 2.561% would be necessary.

Table 2.

Sources by Fiscal Year	2010
Individual Taxes	5,495,341,696
Individual Refunds	(1,050,238,448)
Property Tax Credit Refunds	(118,594,589)
Corporate Income Taxes	408,935,797
Corporate Income Refunds	(214,417,694)
GR Sales and Use Taxes	1,790,181,504
Sales Tax Refunds	(59,962,469)
SDTF General Taxes	704,439,710
SDTF Vehicle Taxes	28,304,001
Motor Vehicles Sales Taxes	193,298,505
Total	7,177,288,012
Circuit Breaker Replacement Program	118,594,589
Revenues to Be Replaced	7,295,882,601
Needed Rate:	8.132%

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2011.

⁷ Revenues are as reported in the DOR Annual Financial Reports, and the SAMII Data Warehouse.

FY 2011 General Revenue Budget (\$M)	
Foundation Formula	2,342
K-12 Transportation	84
Higher Ed Institutions	797
Scholarships	81
State Employee Health Care Plan	260
DMH/DHSS Community Programs	492
Medicaid	1,536
Corrections	593
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	348

Other Impacts

BAP indicated this proposal eliminates all of the tax credit incentive programs in the state. The proposal prohibits the issuance of income tax credits after 12/31/13, and prohibits the redemption of previously issued tax credits after 6/30/16. This would persuade current holders of tax credits who would have otherwise redeemed their credits after 6/30/16 to claim redemptions in an earlier fiscal year. BAP believes this would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system that is already inadequately funded by the 7% sales tax. Additionally, the state could not honor existing agreements for “streaming” tax credits authorized to be issued after 2013, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection and the complicated sales tax rebate system, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. BAP notes that this proposal directs all sales taxes to the general fund. Thus, this would supersede existing provisions in Article IV, Sec 30(b), which direct MV sales taxes to highway functions. While the sales tax rate on new vehicles would increase, the rate would be zero on used vehicles. This would create a strong incentive for consumers to forego purchases of new vehicles, which would

further adversely impact funding for road construction and maintenance. MODOT can provide a fuller discussion of such issues.

Other proposals

BAP indicated this response related to initiative petition 11-15.

BAP said the initiative petition requests 11-16 through 11-23 are similar in nature to 11-15, with variances in the technical aspects of the bills. These changes would alter the calculations above to some degree, but the main conclusions remain the same.

All proposals except 11-15 repeal only taxes on individual earnings, leaving corporate taxes intact.

Proposal 11-21 repeals the corporate franchise tax.

Proposal 11-22 provides a phased-in change to the tax system in two increments, while proposal 11-23 provides three increments.

Regarding education exemptions, proposal 11-16 does not exempt higher education, while proposal 11-17 exempts only higher education.

Proposal 11-18 omits the phrase “as provided by law” from the healthcare exemption.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Rockwood R-VI School District** indicated the district does not anticipate any increase in cost or savings as a result of this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

James R. Moody provided information as an opponent of this initiative petition.

Mr. Moody said he was retained by Missourians Against Higher Sales Taxes to provide a fiscal analysis of the proposed constitutional amendments that the State Auditor received regarding repealing the state income tax and other taxes and replacing them with a greatly expanded consumption tax.

Because the proponents have submitted nine separate petitions that are similar in most aspects, he said he is submitting this information as a single letter that is identical in addressing each of the nine petitions.

He said he will begin the analysis with some words of caution for the State Auditor, and suggestions for the questions that should be asked in every phase of the analysis. He said he believes that a sound analysis by the State Auditor's office will reach the conclusion that he has reached—that is, all of these petitions are fiscally untenable. They will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.

Part 1—Background and Overview

Beware Baiting and Switching

He provided the following overall comments:

As will be explained in the analysis below, proponents of the increased consumption tax have been using calculations that are simply wrong on their face. They have all

calculated a rate that is too low in determining the real consumption tax rate, primarily because they have overstated the taxable base subject to the increased consumption tax.

As the current proponents who submitted the initiative petitions have recognized that their assumed tax base has been too high, the proponents have recently began to put exemptions from the increased consumption tax into their proposals. This is either because the items cannot be taxed under federal law, or they view that their taxation would be electorally unpopular. The simple math is that exemptions from taxation lower the taxable base. The more tax exemptions assumed, the lower the tax base, and the higher the tax rate has to be. If the goal truly is to do this new tax in a way that replaces existing taxes, the higher tax rate has major ramifications to those taxed, particularly the lower and middle income classes.

The proponents deal with this phenomenon by either capping the tax rate at 7% (whether or not that generates adequate tax revenue to replace current tax revenues), and/or suggesting a “prebate”, although none of the proposals provide any funding for it.

The proponents would leave you to believe that you can have a reduced tax base, a relatively low and capped tax rate, and a prebate fully funded. That notion, however, is a pure fantasy, and a basic “bait and switch” tactic. The “bait and switch” would attempt to make you believe that these three components are not absolutely inter-related. The 7% cap is a gimmick to get around the significant problems with these initiative petitions.

Things To Consider In Developing The Fiscal Statement

He suggested the following items be considered as key aspects in the fiscal analysis:

- What goods and services are taxed;
- What is the rate applied to those goods and services that are taxed;
- Is there a “prebate”, and if so how much is it and who gets it;
- If the prebate is not given to every citizen, does the structure create “tax cliffs” and disadvantage the middle class;
- What exemptions are granted from the increased consumption tax;
- What happens if the calculations are wrong, both in the short term and the longer term?

He said as this work discusses the history of this proposal and the various attempts by consumption tax advocates at quantifying the fiscal impact in the past, please note that there are a number of significant variances between: 1) past legislative proposals to submit the expanded consumption tax to a vote of the people, and 2) what is contained in the initiative petitions that have been submitted to the Secretary of State. These include:

- Past proposals have envisioned the replacement of the individual income tax, the corporate income and franchise taxes, and the existing sales tax to be essentially revenue neutral. In the legislative proposals, there was a commission established to review the adequacy of the 5.11% calculation (he said his analysis will show that rate was inadequate) and to reset the rate if necessary. The proposed initiatives cap the

consumption tax at 7%, which is inadequate to replace the foregone revenues and provide funding for a prebate. The proposed initiatives do not pretend to be revenue neutral, nor to provide for any recalculation of the rate.

- The FairTax Book and the proponents of an expanded consumption tax have in the past called for a “prebate” (discuss below) to protect the poor and the middle class from this extremely regressive tax structure. While the initiatives call for the General Assembly to establish a prebate by law, there is no money set aside for this prebate with the 7% cap on the increased consumption tax. According to the Show-Me Institute, the prebate will cost at least \$2 billion.
- Article X, Section 18(e) calls for a vote of the people to raise taxes by more than approximately \$90 million. Therefore, to fund the prebate (if not funded by the current initiatives) would require the passage of a constitutional amendment by a statewide vote of the people to increase the consumption tax by about 3%.
If any of the initiatives submitted through these proposals is adopted by the voters, since there is no possible way to fund a prebate without another constitutional amendment, the tax burden will fall disproportionately on the lower-income and middle class population of the state.
- The legislative bills previously introduced called for an undefined exclusion from the consumption tax on services of “business to business transactions”. The initiative petitions contain no such exclusions, which means that all services will be subject to the expanded consumption tax. These proposals would tax the services of lawyers, doctors, accountants, architects, consultants, advertising agencies, and interior designers at the greater than 12% rate (explained below), as well as also taxing rents, food, utilities, telecommunications, print and video advertising, day care, beauty care and other similar services.
- Because Missouri borders eight other states, those providing services or consuming services will simply move across the border, or go across the border to sell or purchase goods or services that they desire to consume at a lower tax rate. No fiscal impact statement can be complete without including an estimate of these adverse impacts.
Rather than create some great economic movement in Missouri, the passage of any of these initiative petitions will out-migrate Missouri talent providing services and shift Missouri purchases to other states.
- A Show-Me Institute study shows that the increased economic activity generated by having a consumption tax instead of income taxes would take a generation to occur (if it does), and in the shorter term may result in a loss of economic activity.

He said in order to assist the analysis, he will provide his view of the “prebate” concept from the FairTax Book, discuss prior efforts at broadening the consumption tax that have been introduced in the Missouri General Assembly, and the calculation errors that existed in prior calculations by the proponents.

The Importance of the Prebate to the Consumption Tax Discussion

It is generally recognized that sales taxes tend to be regressive—that is, they place more of the relative tax burden on those at the lower and middle-income level, who spend a higher percentage of their income on items that are subject to sales tax.

A consumption tax that broadens the definition of the goods and services that are subject to a sales tax arguably is even more regressive, as the broadened base would include areas where poor and middle-class families and individuals spend most of their money. Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care. Low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax.

In response to the concern that an expanded consumption tax is regressive, the authors of the FairTax Book, Neil Boortz and John Linder, developed the concept of a payment received by all citizens to alleviate the regressive nature of the expanded consumption tax. This payment, which would be made at the beginning of each month, is called a “prebate”.

The prebate is important to this discussion for two reasons. The first is that the expanded consumption tax is incredibly regressive without this payment. The second is that the prebate adds to the cost of this proposal dramatically if it in fact is paid to all citizens and accounted for in the fiscal analysis. The FairTax Book envisioned that the prebate would be given to every citizen; the Joseph Haslag/Abhi Sivasailam calculation of the prebate referenced herein assumed the same.

He said please note that while he disagrees with Ms. Wahby’s calculation, as outlined below, she also did attempt to take the prebate into consideration in her calculation.

Boortz/Linder on the Prebate

He said while he understands the potentially devastating effects of an increased consumption tax on the poor, the lower income class and middle class working people, the concept of the necessity of a prebate (upfront monthly payment to all citizens to offset the impact on lower and middle income citizens) to address that problem was contained in the original The FairTax Book, authored by Neil Boortz and John Linder.

Here are some excerpts discussing the prebate from the FairTax Book:

“The folks who wrote the FairTax plan knew that burdening the poor with a 23 percent retail sales tax would doom the plan from the outset...its creators ensured that no one should ever have to pay the sales tax on the basic necessities of life. That’s why the prebate—the monthly check on all basic household necessities—was invented.

The size of the monthly prebate payment will be based on the government’s published poverty levels for various-sized households. The number is updated every year to keep up with inflation, so the work of calculating the size of the prebate is already done. Here’s an example of how the prebate payments would work in 2005.

Let's say your household consists of a married couple with two children. The FairTax Act sets forth a formula for computing the poverty level, based on government figures, which negates any marriage penalty. Under the FairTax Act, in 2005 your household would be granted an annual consumption allowance of \$25,660. This is the amount the government estimates you would spend during that one year to buy the necessities of life for your family. The sales tax on this amount would equal \$5,902. The government would rebate this amount to you in twelve equal monthly installments of just under \$492.

Now, it's clear that low-income Americans will be better off, much better off, under the Fair Tax Plan. They would have their income and payroll taxes abolished; they would receive their whole paycheck with no federal withholding; they would have the 22 percent tax costs that are currently embedded in everything they buy eliminated; and they would receive a payment each month to guarantee they could spend all of their money up to the poverty level and not lose one penny to taxes. Wow....

Now... bear in mind, the prebate isn't just for the poor. It's paid to everyone, rich and poor alike. The purpose here is to make sure that no American has to pay the FairTax on the basic necessities of life. Unlike the present income tax system, the FairTax treats each and every person in this country exactly the same."

Part 2--Prior Legislation and Consumption Tax Calculations

2009 Legislative Session—HJR 36 filed by Representative Ed Emery

House Joint Resolution 36 was introduced in the 2009 General Assembly by Representative Ed Emery. HJR 36 would have repealed the Missouri individual income tax, the corporate income tax, the corporate franchise tax, the bank franchise tax, and all existing state sales and use taxes, and would have replaced them with a broadened tax upon "all sales, use, or consumption of all new tangible personal property, rental property, or taxable services".

Under HJR 36, the rate of the tax is set at 5.11%. In the fiscal note, the Oversight Division notes that "Officials from the University of Missouri, Economic and Policy Analysis and Research Center (EPARC) assumed a previous version of the proposal would if enacted...taxes would be replaced with a state sales tax rate of 5.11%."

Upon reading the fiscal note, it would appear to the uninformed reader that someone in Missouri actually did a calculation that verified the 5.11% as a correct number for replacing these taxes. Further investigation tells us that was not in fact the case, and that the 5.11% was not adequate to replace all of the repealed taxes.

The 5.11% is a calculation prepared by Karen Wahby of Americans for Fair Taxation, based upon a prior study of the Fair Tax by the Beacon Hill Institute at Suffolk University in Suffolk, Massachusetts. (A copy of her original calculations attached). Her calculation to reach the 5.11% is as follows:

	(in millions)
Private Consumption	\$168,862
Federal Government Consumption	\$16,285
State Government Consumption	\$17,174
Total Consumption	\$202,321
less Prebate base (poverty level spending)	-\$42,931
plus nontaxable government spending adjustment	\$3,799
Total Mo Fair Tax Base	\$163,189
Fair Tax Base Excluding govt consumption (Line 2)	\$146,904
Revenues to be replaced	\$7,142

Tax Rates

Rate to replace revenues in line 11	4.58%
Rate to replace revenues in Line 11 excluding federal government consumption	5.11%

He said there are a number of problems with this calculation. Since this calculation was performed in January 2009, it is assumed that Ms. Wahby was utilizing the most recent revenues from Fiscal Year 2008 as the replacement number. However, the actual revenues that would need to be replaced are:

	<u>NetRcpts</u> <u>FY2008</u> (in millions)
Individual Income tax	\$5,210
Sales tax (general revenue)	\$1,931
Sales tax (1.225% non GR)	\$955
Corporate income and franchise taxes	\$459
Total	\$8,555

In essence when Ms. Wahby solved for the FairTax rate at 5.11% she solved for the wrong revenue number. She only solved for \$7.142 billion when she should have solved for \$8.555 billion. He said please note that his numbers include the 1/8% conservation tax and the 1/10% park and soils sales tax. The Wahby calculation also does not take into account that there are items in the consumption base that cannot be taxed.

He said hence there was never a basis for the legislation that would have set the proposed consumption tax rate at 5.11%. It was an incorrect calculation that was validated in the fiscal note; the fiscal note was simply incorrect, and the 5.11% proposed rate was dramatically too low.

He said even though this calculation was simply wrong, it has become institutionalized in legislative proposals, including a bill recently introduced in the 2011 legislative session.

What Does The Prebate Cost?--The Show Me Institute Calculation of the Prebate

There have been varying estimates of the cost of the prebate in Missouri. The Missouri Budget Project calculated that the cost of the prebate would exceed \$3 billion. For the purpose of his analysis he said he will utilize the estimates of the prebate cost that were developed by Joseph Haslag and Abhi Sivasaliam in a paper published by the Show-Me Institute on October 13, 2009 that was written in rebuttal of the \$3 billion calculation by the Missouri Budget Project.

Here is the calculation outlined in the paper by Haslag and Sivasaliam:

“We estimate the number of families qualified for the rebate to be 2,626,800—the number of resident filers for Missouri’s individual income tax, as of 2007. Dividing Missouri’s population by the number of resident filers yields an average family size of 2.2. The federal poverty threshold approximation associated with a family of 2.2 is \$15,393, which—when multiplied by the sales tax rate—amounts to an average rebate value of \$786.58. Multiplying the rebate value by the number of rebates, we estimate the total cost of the rebate to be \$2,066,167,540.”

This paper also stated that, utilizing this prebate figure, the consumption tax would be 5.79%, as noted in further discussion below.

He provided comments on the prebate at this level:

- Exemptions from the taxable base raise the required tax rate. If the 5.79% rate goes higher due to exemptions from the tax base, the prebate rate needs to be higher. As the tax burden increases (due to exemptions), the payment to offset the impact of the increased tax rate also needs to increase, or lower income and middle-income citizens are disproportionately impacted.
- This prebate calculation by Haslag and Sivasaliam does not address any local sales taxes. The proposed constitutional amendment requires local sales taxes to be adjusted to tax the same things as the increased consumption tax, and to adjust their rates accordingly. So the poor and working lower and middle class income citizens would have no prebate to offset the broadened base for local taxes.

The 2010 Legislative Session—HJR 56, HJR 71, SJR 29, SJR 36

In the 2010 General Assembly there were a number of bills similar to HJR 36 from the 2009 session that were introduced that called for an expanded consumption tax. These measures included HJR 56, introduced by Representative Ed Emery; HJR 71, introduced by Representative Andrew Koenig; SJR 29, introduced by Senator Chuck Purgason; and SJR 37, introduced by Senator Luann Ridgeway.

He said all of these measures continued to reference a tax rate of 5.11%, even though this number was clearly in error since its inception in the Karen Wahby calculation.

He said for the first time, one of the fiscal notes references the possibility that 5.11% is an incorrect number. The fiscal note states,

“..data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents and investment is difficult to access. What little literature is available on this subject suggests this rate is likely too low. For instance, the Show-Me Institute has calculated the rate to be 5.79%. Estimates from other groups, such as the Institute for Taxation and Economic Policy, range higher, as much as 12% or more. Assuming a 5.79% rate is correct, this proposal would be short of revenue neutrality by nearly 11.74%. Estimating lost individual income, sales tax, and corporate revenues at a very high \$7.1 B, this leads to a revenue shortfall of \$834 M.”

The Show-Me Institute’s 5.79% Calculation

The calculation of the consumption tax rate at 5.79% comes from a paper dated October 13, 2009 that was published by the Show-Me Institute. The paper was written by Joseph Haslag and Abhi Sivasailam.

Here is their calculation of the 5.79% rate. The paper states:

“The sum of the new government revenue necessary to replace the individual income, corporate income, and sales taxes is \$7,117,761,408 in fiscal 2009, according to the Department of Revenue. Further, the cost of the rebate program is \$2,066,167,540. Dividing this by personal consumption of \$158,531,333,333, we arrive at a revenue-neutral sales tax rate of 5.79 percent”.

Please note that the \$7,117,761,408 only accounts for the 3% general fund sales, and not the additional 1.225% that goes into earmarked funds.

He said the other major assumption is that the \$158 billion in personal consumption will all be subject to the increased consumption tax to make the rate 5.79%. Clearly there are items in the \$158 billion, as noted blow, that cannot be taxed.

Response by the Institute on Taxation and Economic Policy

In analyzing and critiquing the 5.79% calculation, the Institute on Taxation and Economic Policy (ITEP) notes that the personal consumption number of \$158 billion includes many expenditures that are either exempt from the increased consumption tax under the proposal (expenditures for higher education, for example) and other expenditures that arguably cannot be taxed under federal law (health care spending by the government, rental value of owner occupied housing, food stamps, spending by charities on behalf of individuals, interstate transportation, foreign travel).

This leads to the central question noted earlier in determining what is the correct consumption tax rate: 1) what is the base to be taxed, 2) what is the prebate, and 3) what is exempt from the consumption tax?

These are all factors that are necessary to determine what the correct tax rate is.

The United For Missouri Calculations

One of the proponents of the initiative petitions that have been filed is a group called United for Missouri, which is headed by former State Representative Carl Bearden. In a PowerPoint presented at the Associated Industries of Missouri (AIM) conference in the fall of 2010, Carl Bearden of United for Missouri showed a calculation of an increased consumption tax that would be capped at 7%.

The assumptions made by Bearden in his calculation are similar to many of the assumptions contained in the initiative petitions, and include:

- A rate capped at 7%.
- In order to replace the 3% general fund sales tax and the 1% Proposition C sales tax, the rate would have to be 6.75%.
- The 6.75% does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax; an additional .15% sales tax is required to replace them.
- This brings the rate to 6.9% (assuming their calculations are correct, which he said he is not conceding). The cap is 7% and the 6.9%, if correct, leaves virtually no funding for the prebate. So while the Bearden presentation calls for a prebate, he has already utilized all of the new consumption tax to replace current state revenues.
- If the Bearden calculation is incorrect, there is no review allowed or required to re-establish the rate. The state simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.

The Bearden calculation is as follows:

Missouri Personal Consumption Expenditures. \$166 Billion

- ✓ Less imputed rents \$19.9B
- ✓ Less health care paid by government \$15.1B
- ✓ Less insurance and imputed financial services \$5.5B
- ✓ Less motor vehicles \$4.7B
- ✓ Less motor fuels \$6.3B
- ✓ Less education (K-12, higher ed, vocational) \$3.1B
- ✓ Less non-profit and religious services \$6.9B
- ✓ Less purchases of new homes \$6.9B
- ✓ Less misc other adjustments \$3.4B

Estimated Tax Base \$107.7 Billion

The tax base Bearden assumes above, and a 6.75% tax rate, creates tax receipts of \$7.27 billion.

The Bearden calculation also does not account for this major exemption listed in the initiative petitions:

- Healthcare services paid for by non-governmental entities for individuals, which are specifically excluded from taxation by these initiative petitions;

Please note that the Bearden calculation excludes only government-sponsored health care payments (Medicare and Medicaid), while the initiative petitions exclude all healthcare expenditures from the increased consumption tax, which is a huge difference.

According to the Missouri Tax Expenditure Report for 2009 (available on the Office of Administration, Division of Budget and Planning website) prepared by the Economic and Policy Analysis Research Center at the University of Missouri-Columbia, the *foregone state tax revenues (at 3%)* of not taxing healthcare, prescription drugs, and non-prescription drugs is:

Medical Care	\$994.0 million
Prescription Drugs	\$184.9 million
Non-Prescription Drugs	\$ 22.7 million

The initiative petitions also do not define a healthcare expenditure for an individual, which is a huge potential loophole. Are non-prescription drugs a healthcare expenditure? The same question would apply to therapeutic massage therapy, weight loss expenditures for services not delivered by a licensed medical practitioner, and residential expenditures for elderly care in an assisted living facility.

In any case, the Bearden calculation, which if correct required a tax rate of 6.75% to replace current revenues, did not exempt health care expenditures from the taxable base. At a 3% tax rate, this new exemption would cost about \$1.2 billion in state tax revenues, and the proposed increased consumption tax rate is over double the current tax rate.

He said this healthcare exemption clearly leaves the state dramatically short of replacing existing tax revenues, and the other remaining problem is that there is no funding available for a prebate under the initiative petitions.

Part 3—Other Problems With The Proposed Initiative Petitions

Gaming Revenues

He said neither the nine initiative petitions nor the Bearden calculation excludes gaming revenues from the taxable base. Gaming revenues are currently taxed at a rate of 21% of the gaming company's adjusted gross receipts; imposing an additional sales tax of more than 12% on the revenues from these operations would make their tax rate nearly one-third of their adjusted gross receipts.

In addition, gaming companies pay a fee of \$2.00 per every two hours for patrons utilizing their services. These fees would also be subject to the additional consumption tax.

The base for the increased consumption tax calculation should either exclude the gaming taxes from the increased consumption tax, or the fiscal note should reflect that gaming companies will be double taxed.

Local Franchise Agreements/Taxing Internet Services

Many telecommunications and video service providers currently operate in local communities through agreements that call for franchise fees. The increased consumption tax called for by these initiative petitions repeals all current sales tax exemptions, and also requires local governments to recalculate their local sales tax rates to comply with the new Missouri Constitution defined consumption tax. He said when this occurs, any business collecting and paying taxes through a local franchise fee or a similar tax characterized as a local use tax will have to layer on top of that the dramatically higher consumption tax.

Taxation of internet services are specifically prohibited by federal law. While the initiative petitions exempt from taxation those items exempted from taxation by federal law, it is unclear whether the petition advocates understood that these specific services are exempt and must be removed from the calculation.

Tax Credits

He said the proponents' proposals on tax credits are very confusing. They propose to bar the authorization or issuance of any tax credits that would be taken against any tax repealed by section 1(a) or 1 (b) of the initiative. The state income tax and corporate income tax are repealed by section 1(b).

The petitions further state that after June 30, 2016, no tax credits approved or redeemed against taxes repealed under section 1(a) or 1(b).

This second section would appear to allow credits to be taken against these taxes until June 30, 2016, even though the taxes against which they may be taken are repealed on December 31, 2013, and therefore there would be no tax liability against which to take them.

The Low Income Housing Tax Credit is a 10% credit taken over 10 years, and the project must be completed before the developer can begin receiving the credit. There are 10-year low-income housing tax credits already approved, within the current year and future years, where the project will be completed (thereby vesting and earning the credits) that will exceed both of these dates. He said apparently the intent of this proposal is to take those tax credits away from their owners without compensation.

When considering only low-income housing tax credits that are earned and vested by January 1, 2014, tax credit investors alone will lose in the hundreds of millions of dollars without compensation.

He said it is questionable whether the courts would allow this to happen. However, if the investors are paid by the state or allowed a credit against the consumption tax liability owed by a taxpayer, the initiative petitions run into the same problem as with other items discussed. All funds will have already been committed to other uses, and there will not be adequate funds to pay for these liabilities.

He said if funds are spent on tax credits after the passage of any of the initiative petitions, they take away from the available funds to replace current taxes, which are already inadequate to allow current state services to continue, as the analysis has shown.

Part 4—The “Economic Engine” Myth

He said proponents of the increased consumption tax laud the fact that replacing income taxes with consumption taxes will energize enormous economic growth. He suggested more research is needed, and in particular reference a publication by proponents of the increased consumption tax.

He suggested reading an article for the Show-Me Institute dated December 15, 2010 entitled Income Taxes vs. Sales Taxes: A Welfare Comparisons, written by Grant Casteel and Joseph Haslag.

Among the excerpts from the article he pointed out the following quotes:

“However, we also show that if people value current consumption enough relative to future consumption, they prefer the income tax regime to the sales tax regime.”

“When a sales tax policy is implemented, consumer spending declines.”

“After about a generation’s worth of time, people are happier under the sales tax policy than under the income tax policy.”

He said even by the proponents’ own statements, the short term impact of an increased consumption tax is that consumer spending declines, which will make tax revenues decline.

Part 5—What Is The Real Fiscal Impact Of These Proposals

What Is The Correct Calculation

He said the analysis shows that there are many factors that will impact the rate of the increased consumption tax if passed by the voters. Please note that while local sales tax

rates vary by city or county, the highest rates tend to be in the most populous areas, and therefore the majority of the citizens will pay at the very highest local rates.

He said the voters should know the correct tax rate before they vote on this radical and understudied concept. Here is the most reasonable calculation to use to show the proper rate if this proposal were to pass:

Tax Rate Required To Replace Current Taxes (with exemptions as provided in petitions)	9.00%
Tax Rate To Replace Conservation And Parks and Soils	.25%
Estimated Average Local Tax Rate With New Base	2.75%
Total Tax Rate For Expanded Consumption Tax (without prebate)	12.00%
Tax Rate To Provide For Prebate	3.00%
Total Tax Rate Providing for Prebate	15.00%

Suggested Ballot Language

He said he believes that all nine ballot petitions are fatally flawed. They do not generate adequate revenues to replace the current revenues they purport to replace, nor to provide for a prebate.

Although the initiative petitions call for the establishment of a prebate by law, there is no money available to fund the prebate at a number calculated by Joseph Haslag and Abhi Sivasailam (which would be too low because the tax rate will be higher than what they calculated). An additional constitutional amendment would have to be placed in front of the voters that would increase the consumption tax rate by approximately 3%.

He suggested the following fiscal note wording:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Marc H. Ellinger provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment to Article X of the Missouri Constitution, version 6a:

Executive Summary

Ellinger indicated he has submitted nine different and unique versions of a constitutional amendment to Article X. The analysis and review of any one version cannot be used as a template or, as Mr. Moody suggests, a carbon copy review of the other versions. The taxes repealed and the period of time of such repeal is different across the various petitions. This fact alone precludes a single letter or concept analysis of the fiscal impact of any version. Moreover, the exemptions from the new tax differ in the versions, further compounding the logical failure of any analysis seeking to review all of the versions together, including Moody's letter. This proposed statement of fiscal impact addresses only Version 6a, pursuant to Section 116.175, RSMo, and 15 CSR 40-5.010 (4) (C), (D), and (E).

Summary of Version 6a

- Repeals the individual income tax (January 1, 2014);
- Repeals current sales and uses taxes (January 1, 2014);
- Preserves the Parks and Soils and Conservations Sales Tax as they currently exist;
- Requires the general assembly to impose and levy a tax on sales to individuals and services provided to individuals (January 1, 2014) at a rate not to exceed 7%;
- Specifically exempts sales and services which have previously been taxed; services rendered by an employee for an employer; intangible personal property held for investment purposes; sales of real property; sales of motor fuel; tuition and fees of elementary, secondary or higher education; insurance premiums and products; property and services used for agriculture; sales or services to or for the benefit of political subdivisions, businesses or charitable organizations; sales or services for the benefit of an individual's healthcare (as provided for by law); sales made through the use of federal food stamp coupons; sales under the supplemental feeding for women, infants and children program; sales exempted from state taxation under federal programs; non-proprietary sales or services performed by political subdivisions; sales which the state is prohibited from taxing; and any other sale or service exempted by the General Assembly;
- Requires the general assembly to provide a rebate or credit to be applied to the taxable purchases by low income individuals; and
- Allows county or political subdivision to broaden the base of existing taxes, licenses, or fees, with voter approval.

Proposed Statement of Fiscal Impact for Version 6a

The total cost or savings to state or local governmental entities is unknown. Most state governmental entities estimate no costs, however, some state governmental entities may have unquantified indirect costs. It is estimated this proposal will have no costs or savings to local governmental entities.

Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero in FY 2013 and unknown in FY 2014. The net effect on state funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on state funds in FY 2014 is unknown. While the individual income tax, and current sales tax are repealed, the new sales tax generally replaces the lost revenue. The net effect on local funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on local funds in FY 2014 is also zero since political subdivisions are given an option to recalculate their tax rates and apply the new rate to an expanded base.

ESTIMATED NET EFFECT ON STATE FUNDS (in thousands)		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	unknown
Total Estimated Net Effect on All State Funds	\$0	unknown
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

The proposed amendment would neither establish a new program or agency nor duplicate an existing program or agency.

The proposed amendment is not a federal mandate.

No new program or agency is being created; therefore, there is no new program or agency that will have a direct fiscal impact on any political subdivision of the state.

No new physical facilities will be required by the proposed amendment.

The proposed amendment will have a positive economic impact on small businesses in FY 2014 and going forward. Small business owners and S Corporations will no longer pay state income tax. Small businesses would be exempt from paying the replacement sales tax. The proposed amendment will result in a significant positive economic impact on small businesses, and it is likely that at least some of the cost savings will be passed onto consumers.

Response to letter from Mr. James R. Moody

It is unclear whether the letter dated January 24, 2011 is in response to this specific proposed amendment or whether it is a general response to “Fair Tax” ideas. The letter consults numerous sources that are irrelevant and immaterial to the proposed amendment. 15 CSR 40-5.010 (4)(C) requires that the proposed statement of fiscal impact “be limited to the estimated fiscal impact of the proposed measure.” The letter also makes numerous misstatements about the contents and effect of the proposed amendment. This response serves to clarify what should be considered by the Auditor’s office in preparing the fiscal statement and to clarify the substance and effect of the proposed amendment.

Moody references a number of items which can be addressed first, generally. The numbers and analyses of past legislative proposals should be disregarded. Moody’s discussion of the substance of these proposals and their fiscal impact has no bearing on the proposed amendment. The proposed amendment is significantly different than any past legislation. Moody’s discussion of these proposals is irrelevant to the fiscal impact of the proposed amendment.

Moody also presents numbers and analyses from a book titled “Fair Tax,” a study by the Show-Me Institute, and reports from the Missouri Budget Project and United for Missouri. Moody’s discussion of these studies has no bearing on the proposed amendment. None of these studies were conducted on the proposed amendment or pertain directly to the provisions of the proposed amendment (as required by 15 CSR40-5.010(4)(C), (D), and (E)). The proposed amendment is not called the “fair tax” and the ideas and opinions in any fair tax books or made concerning prior fair tax proposals are not analyses of the fiscal impact of the proposed amendment before the Auditor. The Show-Me Institute study is not a study of our proposal. As the author, Joe Haslag, has stated, the study focused on a fictional model economy and was never meant to represent any version of tax reform under consideration. The study was published on December 15, 2010 and is not an analysis of the proposals that were filed on January 14, 2011. Moody’s discussion of the substance of any proposed tax schemes from these sources and their fiscal impact is irrelevant to the fiscal impact of the proposed amendment, and therefore Moody’s comments and discussion regarding these sources should be disregarded.

With respect to Moody’s more specific points, each of which will be addressed in the order presented, Moody makes several statements about the proposed amendment which are factually inaccurate. Moody also makes several assertions of fact and offers his own fiscal analysis, yet none of the assertions or any evidence or authority supports the numbers offered by Moody. Finally, much of the evidence actually tends to disprove the statements made by Moody.

Moody claims that the petitions “will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.” The proposed amendment will neither bankrupt the state nor the poor. Examples of other states with no income taxes demonstrate the feasibility of the proposed amendment. *See Appendix A.*

With respect to the cost of any “prebate,” Moody turns to a number of sources that are irrelevant to the proposed amendment, as discussed above. The proposed amendment requires the General Assembly to provide “a rebate or credit to be applied to the taxable purchase by low income individuals, as defined by the general assembly.” Version 6a, Section 1(i). The low income rebate or credit is mandated by the proposed amendment. While the size and scope of such a rebate or credit are subject to debate, the General Assembly is mandated to create such a system and thus protect the interests of low income individuals in Missouri. In addition, Moody claims that funding a prebate “would require the passage of a constitutional amendment” and that the “tax burden will fall disproportionately on the lower-income and middle class population of the state.” However, Moody provides no evidence of analysis to support his claims about the size of the rebate or the distribution of the taxes paid by income group relative to the proposed amendment.

Moody claims that the initiative petitions contain no exclusion for “business to business transactions.” This is factually inaccurate. The proposed amendment states that the “general assembly shall enact a law...imposing and levying a tax on all sales to individuals and on all services provided to individuals[.]” Version 6a, Section 1(e)(1). The proposed amendment also defines “Sales” as ‘any transfer exchange, or barter, conditional or otherwise, to an individual[.]’ Version 6a, Section 1(g)(1). The proposed amendment defines “Services” as “all activities for the benefit, use or consumption of an individual[.]” Version 6a, Section 1(g)(2). Finally Section 1(f)(9) of Version 6a specifically exempts business to business transactions. That section reads, in part, “Sales or services to or for the benefit of...a business...and the sale of service is in furtherance of the purpose of...a business[.]” Moody’s statement that there is no exclusion for “business to business transactions” is simply wrong.

Moody suggests that the proposed amendment “will out-migrate Missouri talent providing services and shift Missouri purchases to other states.” While some individuals may choose to purchase goods elsewhere near the border because of lower sales taxes in neighboring states, this impact shall be offset by individuals who chose to move into the state of Missouri because of lower income taxes (0%) and lower costs of doing business (0% sales tax on business to business transactions). It is impossible to accurately estimate the net impact on individual behavior. However, the experience of other states shows that states with no income tax have experienced more rapid population growth than states with an income tax. There is no evidence that a broad consumption tax leads to an exodus of individuals from a state. *See* Appendix B.

Moody makes the claim that “it is generally recognized that sales taxes tend to be regressive” but provides no authority for such claim, nor does he provide any authority or evidence that the tax under the proposed amendment would “tend to be regressive.”

Moody alleges that low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax. Moody fails to recognize that under the proposed amendment, the Medicaid benefits, supplemental nutrition program benefits and a multitude of services from not-for-profit

and religious organizations received by low-income individuals are all exempt from the sales tax under the proposed amendment. See, e.g., Version 6a, Section 1(f)(9)-(13), (15). Furthermore, the general assembly may choose to exempt other sales or services under Section 1(f)(16).

Moody utilizes “United for Missouri” calculations, and points out that the rate of tax estimated by United for Missouri “does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax.” He states that “an additional .15% sales tax is required to replace them.” The proposed amendment does not repeal the conservation sales tax or the parks and soils sales tax. See Version 6a, Section 1(d) (“All laws imposing sales and use taxes, and exemptions thereto...are repealed...except any taxes imposed by Article IV, Sections 43(a) and 47(a) or any taxes provided for by Article IV, Section 30(a)[.]”). Thus any calculation suggesting these taxes need to be “replaced” is inherently flawed.

Moody suggests that under the proposed amendment “[t]he State simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.” However, as the fiscal analysis of the proposed amendment above demonstrates, the fiscal impact in FY 2013 zero and in FY 2014 is unknown.

Moody claims that “United for Missouri’s” calculations are flawed because they do not account for “the major exemption” of healthcare services. Version 6a, Section 1(f)(10) exempts “Sales or services for the benefit of any individual’s healthcare as may be provided by law.” Therefore, healthcare services paid for by non-governmental entities for individuals are included in the tax base of the proposed amendment. Healthcare sales or services may be exempted by the General Assembly, as provided by law. Moody himself states that healthcare would be taxed on page 4 of his remarks. (“*Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care.*”)

Moody states that the proposed amendment does not exclude “gaming revenues” from the taxable base. Moody is correct that gaming revenues are currently taxed at a rate of 21%. Section 313.822, RSMo, provides “A tax is imposed on the adjusted gross receipts received from gambling games authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent.” The tax in the proposed amendment is not on “adjusted gross receipts” but rather, is “on all sales to individuals and on all services provided to individuals[.]” Version 6a, Section 1(e)(1). Gaming revenues and the admission fee are neither sales to individuals nor services provided to individuals and are thus not included in the taxable base under the proposed amendment.

Moody also states that the proposed amendment “requires local government to recalculate their local sales tax rates[.]” This is simply untrue. Version 6a, Section 1(j)(1) states “Effective January 1, 2014, any county or political subdivision may broaden the base of an existing tax, license or fee, only with the approval of the majority of the qualified voters[.]”

Moody suggests that the corporate income tax is repealed by the proposed amendment. This is inaccurate. The corporate income tax is not repealed by the proposed amendment. Version 6a, Section 1(b) repeals “Any law...that imposes a tax...that is on or measured by the income or earnings of an individual” effective January 1, 2014.

Moody also takes issue with the tax credit provisions of the proposed amendments, stating that tax credit investors will lose hundreds of millions of dollars without compensation. Version 6a, Section 1(a)(3), provides that the general assembly shall not have the power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied to the individual income tax or sales tax except as provided in the proposed amendment. Section 1(c) provides that no tax credits shall be authorized or issued after 2013 to be applied to the individual income tax. Section 1(c) also provides that any tax credits authorized or issued prior to 2013 can be approved or redeemed (and applied to individual income tax) until June 30, 2016. Even after 2016, tax credits can be applied against other taxes, including: the corporate income tax, the franchise tax, the bank tax, the insurance premium tax, the other financial institutions tax, the express companies tax. Specifically, those with low income housing tax credits can redeem (or sell such credits to others who can redeem) such credits against the corporate franchise tax, the financial institution tax, and the insurance company premium tax. Furthermore, nothing in this measure if passed would restrict the ability of the General Assembly as provided by law from offering the current equivalent of such benefits, in a form other than tax credits, directly by general law.

Moody suggests that the proposed amendment relies on an “economic engine” myth. However, our fiscal analysis assumes no dynamic effect on GDP growth. When projecting the state GDP we rely on national GDP estimates from the CBO. Since both our tax base projections and the projections of revenues eliminated by our measure are driven by the size of the future state GDP, our fiscal impact notes are in effect immunized to varying assumptions about changes in GDP. There is however evidence that over long periods of time, states with no income tax experience faster economic growth. *See Appendix B.*

Moody suggests that “increased consumption tax” will decrease consumer spending. Again, he offers no evidence or authority for this claim. It is possible to theorize that raising taxes on consumption would decrease consumption. However, it is also important to recognize that by our estimates, the proposed amendment adds \$5.7 billion (2014) dollars of what would normally be collected as individual income tax into the pockets of Missouri consumers. This additional spending power should translate into additional consumption offsetting potential declines from imposing a broad consumption tax.

Finally, Moody offers the “Real Fiscal Impact” of the proposed amendment. His analysis is flawed. First, the Conservation and Parks and Soils Taxes are not repealed by the proposed amendment. Second, local municipalities are not required to recalculate their tax rates. He suggests that a tax rate of 9% will be required to replace current taxes, yet offers no explanation or evidence for how that rate was calculated. None of the no-income tax states in the United States have a sales tax rate that exceeds 7%. *See Appendix A.*

Finally Moody suggests the following fiscal impact statement:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Moody has not demonstrated that seven percent is inadequate to replace current state revenues. He has not demonstrated a shifting tax burden. His argument about tax credits is inaccurate as explained above. Similarly, his explanation of the taxable base contains factual inaccuracies. Section 116.174.3, RSMo, requires that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities. The fiscal note summary shall contain no more than fifty words, excluding articles, which shall summarize the fiscal note in language neither argumentative nor likely to create prejudice either for or against the proposed measure." Moody's proposed summary does not state the measure's estimated cost or savings. The language is not only argumentative and likely to create prejudice, but is also factually inaccurate and should be wholly rejected by the Auditor.

Appendix A – No income tax states

All Data for Fiscal Year 2008, numbers in thousands

State	General Sales Tax Rate	State Taxes	General Sales Tax	Motor fuel, alcohol, tobacco, utility and other sales taxes (gaming etc.)	% from General Sales	% from Selective Sales	% from All Sales Taxes
Alaska	0.00%	8,424,714	-	279,569	0.0%	3.3%	3.3%
Alaska derives the majority of state revenue comes from oil royalties							
Florida	6.00%	35,849,998	21,518,100	7,778,923	60.0%	21.7%	81.7%
New Hampshire	0.00%	2,251,179	-	792,947	0.0%	35.2%	35.2%
New Hampshire derives significant revenues from corporate income taxes and state property taxes							
Nevada	6.90%	6,115,585	3,077,433	1,853,019	50.3%	30.3%	80.6%
Nevada derives significant (\$1.3 b) revenues from gaming taxes							
South Dakota	4.00%	1,321,368	732,438	339,814	55.4%	25.7%	81.1%
Tennessee	7.00%	11,538,430	6,832,948	1,779,434	59.2%	15.4%	74.6%
Texas	6.25%	44,675,953	21,668,972	11,696,220	48.5%	26.2%	74.7%
Washington	6.50%	17,959,833	11,344,622	3,056,046	63.2%	17.0%	80.2%
Wyoming	4.00%	2,404,843	981,198	134,663	40.8%	5.6%	46.4%
Wyoming derives significant (\$0.95b) revenues from mineral rights							
Missouri	4.225%	10,965,171	3,228,274	1,542,357	29.4%	14.1%	43.5%

Sources: <http://www2.census.gov/govs/estimate/08slsstab1a.xls> , <http://www2.census.gov/govs/estimate/08slsstab1b.xls> , http://dor.myflorida.com/dor/taxes/sales_tax.html , <http://tax.state.nv.us/pubs.htm> , <http://www.state.sd.us/drr2/businesstax/st/salestax.htm> , <http://www.window.state.tx.us/taxinfo/sales/> , http://dor.wa.gov/docs/forms/Excstx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf , <http://revenue.state.wy.us/portals/bvs/desktopdefault.aspx?tabindex=3&tabid=10>

Appendix B – Population Change in No Income Tax States

Territory	2000 Population	2009 Population	Population Growth	Faster (Slower) than United States Average
Alaska	626,932	698,473	11.41%	2.32%
Florida	15,982,378	18,537,969	15.99%	6.90%
Nevada	1,998,257	2,643,085	32.27%	23.18%
New Hampshire	1,235,786	1,324,575	7.18%	(1.91%)
South Dakota	754,844	812,383	7.62%	(1.47%)
Tennessee	5,689,283	6,296,254	10.67%	1.58%
Texas	20,851,820	24,782,302	18.85%	9.76%
Washington	5,894,121	6,664,195	13.07%	3.97%
Wyoming	493,782	544,270	10.22%	1.13%
United States	281,421,906	307,006,550	9.09%	
No-income-tax state average			14.37%	5.28%
No-income-tax state weighted-average			16.40%	7.30%
Missouri	5,595,211	5,987,580	7.01%	(2.08%)

Notes: 2009, July estimate

Sources: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-_box_head_nbr=GCT-PH1&-ds_name=DEC_2000_SF1_U&-format=US-9, http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-_box_head_nbr=GCT-T1-R&-ds_name=PEP_2009_EST&-redoLog=false&-format=US-40S&-mt_name=DEC_2000_SF1_U_GCTPH1_US9

The **State Auditor's office** summarizes the comments provided as follows:

It is the duty of the State Auditor to provide fair, unbiased fiscal notes and summaries for initiative petitions, estimating the fiscal impact of the initiative, and the office takes this responsibility seriously. But, it is also the office's responsibility to inform the voters when initiatives are so broad that the fiscal impact cannot reasonably be predicted. That is the case with this petition.

To assist in drafting the fiscal note and summary, the office received input from 22 public entities, and Mr. Marc H. Ellinger and Mr. James R. Moody provided information as a proponent and opponent of the proposals, respectively. The cost and savings estimates ranged from an unknown or no fiscal impact to a projected state budget shortfall in excess of \$1.02 billion.

The petition is dependent upon undefined variables related to legislative actions required and changes in consumer spending, none of which can be predicted at this time. Some of the legislative actions include, but are not limited to:

- The legislature must establish the specific sales tax rate, up to seven percent.
- The legislature must define "low income" for the purpose of issuing rebates, credits or prebates.
- The legislature must determine how to address tax credits in the event tax credits can no longer be redeemed.
- The legislature must determine what healthcare costs, if any, will be exempt from taxation.
- The legislature must establish a method for calculating and providing sales tax rebates, credits or prebates.
- The legislature must determine what additional tax exemptions, if any, will exist.
- The legislature must determine if senior citizens and the disabled are to continue receiving certain tax credits.
- The legislature must determine whether to collect delinquent taxes and pay tax refunds.

In addition to the legislative uncertainties, both proponents and opponents make wide-ranging assumptions regarding consumer spending which are not verifiable. Some of the unanswered questions regarding consumer spending include, but are not limited to:

- Whether the elimination of a state income tax will cause people to move into Missouri with a corresponding increase in the tax base.

- Whether the implementation of a "consumption tax" will lead citizens to move out of Missouri.
- Whether citizens living near a bordering state will avoid the sales tax by shopping across state lines if the bordering state has a lower sales tax.
- Whether Missourians will avoid the sales tax by buying more used items instead of new items.
- Whether Missourians will avoid the sales tax by shopping online instead of in state.
- Whether service providers will establish locations outside of Missouri to avoid a sales tax on services.

While the office discounts the dire predictions of state bankruptcy, predictions of little or no fiscal impact on the state are also difficult to support. While quantifying risks where possible is preferred, for the foregoing reasons, it would be inappropriate for the office to attempt to prospectively quantify the effects of this broad initiative.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Fiscal Note Summary

The total cost, savings, and/or change in tax revenue to state and local governmental entities cannot be determined. The proposal (1) requires a range of legislative action with unknown outcomes, and (2) will result in changes to consumer spending patterns that cannot be presently quantified.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-21)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received January 18, 2011)

Date

February 7, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

James R. Moody provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated that elimination of tax credits would have a negative impact on revenue for the Missouri Agricultural and Small Business Development Authority (MASBDA). Average annual revenues for the last four years (FY07-FY10) were \$286,135 per year. Therefore, it appears that MASBDA would realize \$143,070 in reduced revenues in FY 14. Reduced revenues in FY 15 and thereafter are estimated to equal \$286,135 per year.

Officials from the **Department of Economic Development** indicated they have reviewed Initiative Petition 11-21. The proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual and eliminates the power of the General Assembly to enact such taxes, effective January 1, 2014. The proposal also expressly repeals the bank and corporate franchise taxes and prohibits the General Assembly from enacting any such tax on the privilege of doing business in the state. The repealed taxes are to be replaced with a sale and use tax of up to seven percent imposed on the purchase of goods and services by consumers, subject to a number of exemptions enacted in place of all current sales tax exemptions.

As impacts the Department of Economic Development, this proposal would eliminate the General Assembly's power to authorize the issuance, approval or redemption of any tax credits to be applied against the taxes repealed by the proposal, which, as relevant to tax credits and other tax-based incentive programs, includes personal income and withholding taxes and the bank and corporate franchise taxes. This proposal further provides that no tax credits shall be authorized or issued to be applied to the repealed taxes after December 31, 2013. After June 30, 2016, no tax credits authorized by the General Assembly to be applied to any of the repealed taxes issued on or before December 31, 2013 shall be approved or redeemed. The department assumes that tax credits could continue to be redeemed against the remaining applicable taxes types, including the corporate income tax, financial institutions tax and insurance premium taxes, which would remain intact under this proposal because they are not "measured by income or earnings of an individual" and are not imposed "for the privilege of operating a business in the State of Missouri."¹

Finally, this proposal would repeal and prohibit the General Assembly from enacting any law authorizing any county or other political subdivision to impose a tax measured by

¹ This is in contrast to IP 11-15, which, as applicable to the taxes against which tax credits typically may be redeemed, leaves intact only the insurance premium tax.

earnings or income, unless the tax was imposed by a city prior to January 1, 2013. In addition, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under this proposal, without a mechanism for the local sales taxes to be replaced.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. The Department of Economic Development administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income or franchise tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by prohibiting the redemption of such credits after June 30, 2016 against the now-repealed personal income and franchise taxes. The department assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, and insurance premium tax. The department also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income or franchise tax liability through the filing of an amended return and/or utilizing any applicable carryback feature. The department also assumes that after June 30, 2016, tax credits could continue to be redeemed utilizing either of these two options to the extent applicable to the specific credit.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's effective date through December 31, 2013, because such credits could no longer be

utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income or franchise taxes.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more to redeem their credits earlier than they otherwise would have—i.e. in advance of the 2016 redemption deadline—or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and obtained financing based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is likely to be litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from

the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund such projects are income-tax based, this proposal would jeopardize the financing for these projects by repealing the taxes generating the necessary revenues to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by taxes that would be repealed under this proposal, which could mean that the relevant local entity would default on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds would negatively impact not only the specific local entity but also the municipal bond market overall.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local

development projects. The department will defer to DOR for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** provided the following Calculation of Tax on Insurance Premiums from Initiative Petitions 11-15 thru 11-23.

Initiative Petition	Tax Rate	Incidence of tax on seller	Incidence of tax on buyer
		Gross Domestic Insurance Company Premiums* TAX YEAR 2009	Total Insurance Premiums TAX YEAR 2009
		\$768,761,954.49	\$12,634,241,702.02
11-15 thru 11-22	7%	\$53,813,336.81	\$884,396,919.14
11-23	4%	\$30,750,478.18	\$505,369,668.08

*Due to exemption proposed tax primarily collected from domestic insurance companies

ASSUMPTIONS/NOTES:

- 1) Numbers presented assume insurance product sales remain constant
- 2) Insurance product sales may be impacted if insurance premiums rise due to the proposed sales tax
- 3) Domestic insurance companies may re-domicile from Missouri to foreign states if the incidence of tax is on the seller, reducing the amount collected
- 4) If the general assembly does not exempt health insurance premiums as a benefit for individual healthcare, the total amount of insurance premiums subject to the proposed sales tax would increase by an estimated \$2,693,623,829 or \$10,943,678,671 respectively

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition as it appears to hold the department's Parks and Soil Sales Tax funds harmless.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department; however, they defer to the Office of Administration for the statewide impact.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$14,389,007 for fiscal year 2014.

The costs include increased:

Salaries-\$7,841,707

Fringe Benefits-\$4,104,349

Equipment and Expense-\$2,442,951

They said the proposal affects all state agencies that are funded by general revenues. It also affects all political subdivisions with local taxes. The department does not know whether this proposal was forwarded to all affected entities. It is unclear what the impact will be on small business.

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$102,396.

The value of the level of effort is calculated on 3864 FTE hours.

They said income tax revenue will decline and sales tax revenue must increase.

The department and ITSD-DOR will need to make programming changes to various tax systems.

Assumptions and methodology used in arriving at state fiscal impact:

Comments and Assumptions:

- The FTE impact for the processing area in fiscal year 2014 is based on a nine-month cycle. Personnel will be required to be fully trained as of January 1, 2014. The department will need to hire and begin training temporary staff in October 2013.

Personal Tax:

- For FY 12 – Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 13 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15 – Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax (July 2014 through December 2014). For the last six months of FY15 (January 2015 – June 2015), Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and

collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- The registration area would see an impact because including all services as a taxable product would greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
 - FY12 - No impact
 - FY13 - No impact
 - FY14 - Based on the presumption of doubling the number of businesses, for registration, contacts, collection effort –CATA will need an additional 88 temporary employees (CATA's FY09 sales use tax and registration FTE impact was 44) Training will begin in October of 2013.
 - FY15 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income, withholding and corporate tax accounts (this reduction will not be seen in this analysis as the period of the fiscal note ends in 2014).

Sales, Excise and Business Tax:

- The following impact is based upon the assumption that the workload for sales and use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., Business tax will need an additional 97 temporary employees for sales and use tax.
- The department assumes that although the new sales tax would go into effect January 1, 2014, current staff responsible for corporate tax, withholding tax and personal tax will not be available for reallocation until the last half of FY15, and even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 – No impact
 - FY 14 – Business tax will need 97 temporary employees. Training will begin in October of 2014. These would be temporary employees however, since they will be employed for nine months, benefits will be provided.
 - FY 15 – For the first half of the year Business tax will need the 97 temporary employees and for the second half Business tax will need 73 temporary employees. The reduction for the second half of FY15 is based upon the assumption that 25% of the permanent staff will now be available for reallocation – Rather than hire new temporary staff, which would require training the new staff; it would be more beneficial to retain the temporary employees. The employees would then be eligible for benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Corporate/Withholding Tax:

- For FY 12 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 13 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 14 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 15 – Corporate/Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) and 79% of existing staff in the Corporate Tax Section (19 out of 24 FTE) to continue the processing and collection duties of withholding and corporate tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in business tax area on a one-to-one basis.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. To conduct double that amount (4,700 sales and use tax audits), it would be necessary to double audit enforcement staff, including additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions would increase Field Compliance to 320 positions and a payroll of approximately \$14.0 million.
- Each additional employee would have start up costs which would include a new computer, file cabinet, desk, chair, side chair, calculator, and on-going supplies. The approximate cost for 160 new employees would be \$454,080. The travel and operating budget could potentially double by moving the budget from \$400,000 to potentially \$800,000. This would bring the approximate Expense and Equipment cost to approximately \$1.2 million.
- The department would need to expand and possibly move each in-state and out of state audit office facility to accommodate the increase in personnel. The estimated cost double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal:

- For FY12 – No impact
- For FY13 – No impact
- For FY14 – Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

Prebate:

Because the prebate will be provided by subsequent legislation, the department cannot determine what resources will be required with any certainty. But additional resources above those already identified will be required.

Comments:

- Eliminating the income tax would not “eliminate” the filing of returns. Individual income tax filers will file their 2013 calendar year returns after January 1, 2014. Individuals and businesses would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2014.
- The department is not clear whether the state would have the authority to require sellers to collect this tax. The legislation does not have similar language to current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does. Changing the collecting and remitting responsibility from sellers to purchasers would dramatically reduce the percentage of tax that the Department is able to collect.
- The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state’s rights with respect to such taxes. The amendment is unclear as to whether such provisions are eliminated. If they are, that would mean that the state cannot assess, audit, or refund.
- No empirical basis appears to exist for setting the state sales tax rate at 7 percent and assuming that rate will generate the revenue that income-and asset-based taxes currently generate for general revenue.
- The department is unclear of the impact to taxes or refunds due, but not yet paid. Instead of repealing the laws on January 1, 2014, the department would recommend changing language to say: “For tax years beginning on or after January 1, 2014...” Also, the existing laws should remain in place in order to wrap up all old business.
- The proposal prevents any tax credit from being issued after December 31, 2013 and prevents any tax credit redemptions after June 30, 2016. This would impact many individuals who have credits that can be carried forward beyond FY2016.
- Without further action by the general assembly, most local taxing jurisdiction's sales taxes could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.
- There is no provision provided in this petition which allows for rate adjustments.
- This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission. In actions in circuit courts to

enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petitions do not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim an exemption, but would not be responsible for actually proving it was entitled to it.

The following are observations made by the department regarding the various exemptions:

- (1) Sales of personal property, which were transferred in a taxable transaction in another state before being brought into Missouri, are not exempt.
- (3) “Other similar intangible personal property held for investment purposes” is vague and will generate litigation.
- (4) Exempts sales of real property, but not rentals or leases of real property.
- (8) The terms “agricultural trade” and “agricultural business purposes” are vague and will generate litigation.
- (10) Exemption is broader than just purchases of healthcare items and services. It also includes any item purchased by a doctor or hospital for the benefit of any of its patients.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if adopted by the voters, will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals, with various exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1 (d) of both proposals would appear to leave intact such sales tax. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. Consequently, it appears that both proposals would have an impact on department funds, but it is unknown at this time whether the proposals would result in an increase or decrease of funds.

Officials from the **Department of Transportation** indicated the total estimated reduction in revenue on all state funds will be \$136 million for 2014, \$290 million for 2015, and

\$298 million for 2016. Funds affected include the Road Fund, the Road Bond Fund, and the Transportation Fund. The total estimated reduction in revenue on all local funds will be \$18 million for 2014, \$31 million for 2015, and \$31 million for 2016.

This IP makes several changes to Missouri's current state taxation laws. The IP will have a significant negative impact to MoDOT. MoDOT's aviation jet fuel sales and motor fuel tax revenues would remain the same and would remain frozen at their current rates. MoDOT would lose a significant portion of its state revenue stream from the redirection of motor vehicle sales taxes to the General Revenue Fund.

The loss of revenue from motor vehicle sales and use taxes would also impact cities and counties as they receive a portion of the motor vehicle sales and use tax revenue stream.

The department also has concerns that the Missouri Highways and Transportation Commission would likely face a downgrade of its rating as it relates to its \$3.3 billion of outstanding State Road Bonds due to such a significant change in revenue for the department.

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the division should it be approved by the voters.

They made the following comments:

To replace foregone revenues the General Assembly shall enact a law imposing a sales tax not to exceed 7%. Revenues from this sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Prop. C), which shall be held harmless.
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit.
3. An unspecified rebate program for low income families. Because no details of the program are given in the proposal, Budget and Planning (BAP) cannot determine the potential cost. Further, the spending program would be subject to appropriation, the uncertainty of which could negatively influence consumer behavior.

BAP notes the possibility exists that the General Assembly is unable to enact a new sales tax law by January 1, 2014. In this case, given the repeal of the other major taxes listed above, the state would be left with very little revenue.

Because the existing sales tax law is repealed, many if not most of the existing sales taxes for numerous political subdivisions, including counties, cities, public safety districts, transportation development districts, and others are potentially nullified. The proposal does not specify a direct mechanism to replace the sales tax base or local revenues,

although this could be addressed when the General Assembly enacts the new sales tax law required in Section 1(e). The DOR reports collections of \$2.298B in local sales tax revenues in FY 2010.

Calculating a Sales Tax Rate

The proposal calls for a 7% sales tax rate on a newly defined sales tax base. However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access. Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate.² Estimates from other groups, such as the Institute for Taxation and Economic Policy (ITEP) also suggest something greater than 11%.³

Estimating the Consumption Base

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US Department of Commerce Bureau of Economic Analysis (BEA's) national income and product account (NIPA) tables as reported by the BEA in December 2010,⁴ excluding items that are non-taxable under federal law or under the proposal. Also, BAP notes that the proposal's exemption for individual healthcare expenditures is broad and undefined until such time as the legislature defines it, so the actual health care exemption may be much different than the figure estimated below. Finally, BAP estimates the loss due to explicit avoidance activities, such as Internet purchases, traveling across state lines, or the purchase of used goods, as 10%; this figure is entirely arbitrary. Missouri expenditures are assumed to be 1.77% of national expenditures, based on Missouri portion of personal income in 2009 as reported by the BEA in December 2010.⁵ BAP estimates the consumption base to be \$89.719B as in Table 1. At the 7% rate codified in the proposal, this would generate a little over \$6.28B in revenues. However, if the General Assembly enacts a sales tax rate less than 7%, revenues would be reduced accordingly.

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal increases prices, via a new sales tax, for many products and services. These include but are not limited to food for home consumption, domestic utilities and telecommunications, rents, daycare providers, consumer

² http://www.showmeinstitute.org/docLib/20101215_income_taxes.pdf

³ <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

⁴ <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>

⁵ <http://www.bea.gov/regional/spi/drill.cfm>

legal and financial services, realty services, repair services, and personal care services.

- According to US Census Bureau data, roughly two-thirds of Missouri's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families. This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$4.46 billion in state and local income taxes were deducted in tax year 2008.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,001.3
Net Used Motor Vehicles	2.4.5; 06	(104.1)
Motor Fuel	2.4.5; 36	(280.8)
Higher Education	2.4.5: 101	(145.5)
PK-12 Education	2.4.5: 102	(39.7)
Vocational Education	2.4.5: 103	(37.5)
Insurance Premiums	2.4.5: 90	(308.6)
Individual Healthcare	2.4.5: 60	(1,623.2)
Food Stamps (not taxable under federal law)	3.12: 021	(54.6)
Free checking & other financial services	2.4.5: 088	(271.2)
Rental Value of owner-occupied housing	2.4.5: 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5: 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5: 064	(45.1)
Foreign travel by US citizens	2.4.5: 109	(105.4)
Foreign travel into US	2.4.5: 110	124.5
US taxable base		5,639.3
MO share 1.77%:		99.816
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Assume 10% loss for avoidance, purchases of other used goods		(9.982)
Taxable Base		89.719
Revenues At 7% Rate		6,280,330,000

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. Finally, the table includes the replacement of existing motor vehicle sales taxes, which are currently dedicated to highway usage but which would have to be replaced in order to hold those funds harmless.

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of nearly \$1.02B when compared to revenue collections in FY 2010, the second year of revenues severely depressed by the national recession. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Further, this calculation does not take into account any spending needed to administer the rebate program described in section 1(i). To offset each additional \$897 million in spending, the sales tax rate would have to be raised 1%, according to the sales tax base calculated above.

Finally, this calculation does not take into account the potential need to replace \$2.298B in local sales tax revenues. An additional sales tax of 2.561% would be necessary.

Table 2.

Sources by Fiscal Year	2010
Individual Taxes	5,495,341,696
Individual Refunds	(1,050,238,448)
Property Tax Credit Refunds	(118,594,589)
Corporate Income Taxes	408,935,797
Corporate Income Refunds	(214,417,694)
GR Sales and Use Taxes	1,790,181,504
Sales Tax Refunds	(59,962,469)
SDTF General Taxes	704,439,710
SDTF Vehicle Taxes	28,304,001
Motor Vehicles Sales Taxes	193,298,505
Total	7,177,288,012
Circuit Breaker Replacement Program	118,594,589
Revenues to Be Replaced	7,295,882,601
Needed Rate:	8.132%

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2011.

⁷ Revenues are as reported in the DOR Annual Financial Reports, and the SAMII Data Warehouse.

FY 2011 General Revenue Budget (\$M)	
Foundation Formula	2,342
K-12 Transportation	84
Higher Ed Institutions	797
Scholarships	81
State Employee Health Care Plan	260
DMH/DHSS Community Programs	492
Medicaid	1,536
Corrections	593
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	348

Other Impacts

BAP indicated this proposal eliminates all of the tax credit incentive programs in the state. The proposal prohibits the issuance of income tax credits after 12/31/13, and prohibits the redemption of previously issued tax credits after 6/30/16. This would persuade current holders of tax credits who would have otherwise redeemed their credits after 6/30/16 to claim redemptions in an earlier fiscal year. BAP believes this would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system that is already inadequately funded by the 7% sales tax. Additionally, the state could not honor existing agreements for “streaming” tax credits authorized to be issued after 2013, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection and the complicated sales tax rebate system, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. BAP notes that this proposal directs all sales taxes to the general fund. Thus, this would supersede existing provisions in Article IV, Sec 30(b), which direct MV sales taxes to highway functions. While the sales tax rate on new vehicles would increase, the rate would be zero on used vehicles. This would create a strong incentive for consumers to forego purchases of new vehicles, which would

further adversely impact funding for road construction and maintenance. MODOT can provide a fuller discussion of such issues.

Other proposals

BAP indicated this response related to initiative petition 11-15.

BAP said the initiative petition requests 11-16 through 11-23 are similar in nature to 11-15, with variances in the technical aspects of the bills. These changes would alter the calculations above to some degree, but the main conclusions remain the same.

All proposals except 11-15 repeal only taxes on individual earnings, leaving corporate taxes intact.

Proposal 11-21 repeals the corporate franchise tax.

Proposal 11-22 provides a phased-in change to the tax system in two increments, while proposal 11-23 provides three increments.

Regarding education exemptions, proposal 11-16 does not exempt higher education, while proposal 11-17 exempts only higher education.

Proposal 11-18 omits the phrase “as provided by law” from the healthcare exemption.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Rockwood R-VI School District** indicated the district does not anticipate any increase in cost or savings as a result of this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

James R. Moody provided information as an opponent of this initiative petition.

Mr. Moody said he was retained by Missourians Against Higher Sales Taxes to provide a fiscal analysis of the proposed constitutional amendments that the State Auditor received regarding repealing the state income tax and other taxes and replacing them with a greatly expanded consumption tax.

Because the proponents have submitted nine separate petitions that are similar in most aspects, he said he is submitting this information as a single letter that is identical in addressing each of the nine petitions.

He said he will begin the analysis with some words of caution for the State Auditor, and suggestions for the questions that should be asked in every phase of the analysis. He said he believes that a sound analysis by the State Auditor's office will reach the conclusion that he has reached—that is, all of these petitions are fiscally untenable. They will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.

Part 1—Background and Overview

Beware Baiting and Switching

He provided the following overall comments:

As will be explained in the analysis below, proponents of the increased consumption tax have been using calculations that are simply wrong on their face. They have all

calculated a rate that is too low in determining the real consumption tax rate, primarily because they have overstated the taxable base subject to the increased consumption tax.

As the current proponents who submitted the initiative petitions have recognized that their assumed tax base has been too high, the proponents have recently began to put exemptions from the increased consumption tax into their proposals. This is either because the items cannot be taxed under federal law, or they view that their taxation would be electorally unpopular. The simple math is that exemptions from taxation lower the taxable base. The more tax exemptions assumed, the lower the tax base, and the higher the tax rate has to be. If the goal truly is to do this new tax in a way that replaces existing taxes, the higher tax rate has major ramifications to those taxed, particularly the lower and middle income classes.

The proponents deal with this phenomenon by either capping the tax rate at 7% (whether or not that generates adequate tax revenue to replace current tax revenues), and/or suggesting a “prebate”, although none of the proposals provide any funding for it.

The proponents would leave you to believe that you can have a reduced tax base, a relatively low and capped tax rate, and a prebate fully funded. That notion, however, is a pure fantasy, and a basic “bait and switch” tactic. The “bait and switch” would attempt to make you believe that these three components are not absolutely inter-related. The 7% cap is a gimmick to get around the significant problems with these initiative petitions.

Things To Consider In Developing The Fiscal Statement

He suggested the following items be considered as key aspects in the fiscal analysis:

- What goods and services are taxed;
- What is the rate applied to those goods and services that are taxed;
- Is there a “prebate”, and if so how much is it and who gets it;
- If the prebate is not given to every citizen, does the structure create “tax cliffs” and disadvantage the middle class;
- What exemptions are granted from the increased consumption tax;
- What happens if the calculations are wrong, both in the short term and the longer term?

He said as this work discusses the history of this proposal and the various attempts by consumption tax advocates at quantifying the fiscal impact in the past, please note that there are a number of significant variances between: 1) past legislative proposals to submit the expanded consumption tax to a vote of the people, and 2) what is contained in the initiative petitions that have been submitted to the Secretary of State. These include:

- Past proposals have envisioned the replacement of the individual income tax, the corporate income and franchise taxes, and the existing sales tax to be essentially revenue neutral. In the legislative proposals, there was a commission established to review the adequacy of the 5.11% calculation (he said his analysis will show that rate was inadequate) and to reset the rate if necessary. The proposed initiatives cap the

consumption tax at 7%, which is inadequate to replace the foregone revenues and provide funding for a prebate. The proposed initiatives do not pretend to be revenue neutral, nor to provide for any recalculation of the rate.

- The FairTax Book and the proponents of an expanded consumption tax have in the past called for a “prebate” (discuss below) to protect the poor and the middle class from this extremely regressive tax structure. While the initiatives call for the General Assembly to establish a prebate by law, there is no money set aside for this prebate with the 7% cap on the increased consumption tax. According to the Show-Me Institute, the prebate will cost at least \$2 billion.
- Article X, Section 18(e) calls for a vote of the people to raise taxes by more than approximately \$90 million. Therefore, to fund the prebate (if not funded by the current initiatives) would require the passage of a constitutional amendment by a statewide vote of the people to increase the consumption tax by about 3%.
If any of the initiatives submitted through these proposals is adopted by the voters, since there is no possible way to fund a prebate without another constitutional amendment, the tax burden will fall disproportionately on the lower-income and middle class population of the state.
- The legislative bills previously introduced called for an undefined exclusion from the consumption tax on services of “business to business transactions”. The initiative petitions contain no such exclusions, which means that all services will be subject to the expanded consumption tax. These proposals would tax the services of lawyers, doctors, accountants, architects, consultants, advertising agencies, and interior designers at the greater than 12% rate (explained below), as well as also taxing rents, food, utilities, telecommunications, print and video advertising, day care, beauty care and other similar services.
- Because Missouri borders eight other states, those providing services or consuming services will simply move across the border, or go across the border to sell or purchase goods or services that they desire to consume at a lower tax rate. No fiscal impact statement can be complete without including an estimate of these adverse impacts.
Rather than create some great economic movement in Missouri, the passage of any of these initiative petitions will out-migrate Missouri talent providing services and shift Missouri purchases to other states.
- A Show-Me Institute study shows that the increased economic activity generated by having a consumption tax instead of income taxes would take a generation to occur (if it does), and in the shorter term may result in a loss of economic activity.

He said in order to assist the analysis, he will provide his view of the “prebate” concept from the FairTax Book, discuss prior efforts at broadening the consumption tax that have been introduced in the Missouri General Assembly, and the calculation errors that existed in prior calculations by the proponents.

The Importance of the Prebate to the Consumption Tax Discussion

It is generally recognized that sales taxes tend to be regressive—that is, they place more of the relative tax burden on those at the lower and middle-income level, who spend a higher percentage of their income on items that are subject to sales tax.

A consumption tax that broadens the definition of the goods and services that are subject to a sales tax arguably is even more regressive, as the broadened base would include areas where poor and middle-class families and individuals spend most of their money. Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care. Low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax.

In response to the concern that an expanded consumption tax is regressive, the authors of the FairTax Book, Neil Boortz and John Linder, developed the concept of a payment received by all citizens to alleviate the regressive nature of the expanded consumption tax. This payment, which would be made at the beginning of each month, is called a “prebate”.

The prebate is important to this discussion for two reasons. The first is that the expanded consumption tax is incredibly regressive without this payment. The second is that the prebate adds to the cost of this proposal dramatically if it in fact is paid to all citizens and accounted for in the fiscal analysis. The FairTax Book envisioned that the prebate would be given to every citizen; the Joseph Haslag/Abhi Sivasailam calculation of the prebate referenced herein assumed the same.

He said please note that while he disagrees with Ms. Wahby’s calculation, as outlined below, she also did attempt to take the prebate into consideration in her calculation.

Boortz/Linder on the Prebate

He said while he understands the potentially devastating effects of an increased consumption tax on the poor, the lower income class and middle class working people, the concept of the necessity of a prebate (upfront monthly payment to all citizens to offset the impact on lower and middle income citizens) to address that problem was contained in the original The FairTax Book, authored by Neil Boortz and John Linder.

Here are some excerpts discussing the prebate from the FairTax Book:

“The folks who wrote the FairTax plan knew that burdening the poor with a 23 percent retail sales tax would doom the plan from the outset...its creators ensured that no one should ever have to pay the sales tax on the basic necessities of life. That’s why the prebate—the monthly check on all basic household necessities—was invented.

The size of the monthly prebate payment will be based on the government’s published poverty levels for various-sized households. The number is updated every year to keep up with inflation, so the work of calculating the size of the prebate is already done. Here’s an example of how the prebate payments would work in 2005.

Let's say your household consists of a married couple with two children. The FairTax Act sets forth a formula for computing the poverty level, based on government figures, which negates any marriage penalty. Under the FairTax Act, in 2005 your household would be granted an annual consumption allowance of \$25,660. This is the amount the government estimates you would spend during that one year to buy the necessities of life for your family. The sales tax on this amount would equal \$5,902. The government would rebate this amount to you in twelve equal monthly installments of just under \$492.

Now, it's clear that low-income Americans will be better off, much better off, under the Fair Tax Plan. They would have their income and payroll taxes abolished; they would receive their whole paycheck with no federal withholding; they would have the 22 percent tax costs that are currently embedded in everything they buy eliminated; and they would receive a payment each month to guarantee they could spend all of their money up to the poverty level and not lose one penny to taxes. Wow....

Now... bear in mind, the prebate isn't just for the poor. It's paid to everyone, rich and poor alike. The purpose here is to make sure that no American has to pay the FairTax on the basic necessities of life. Unlike the present income tax system, the FairTax treats each and every person in this country exactly the same."

Part 2--Prior Legislation and Consumption Tax Calculations

2009 Legislative Session—HJR 36 filed by Representative Ed Emery

House Joint Resolution 36 was introduced in the 2009 General Assembly by Representative Ed Emery. HJR 36 would have repealed the Missouri individual income tax, the corporate income tax, the corporate franchise tax, the bank franchise tax, and all existing state sales and use taxes, and would have replaced them with a broadened tax upon "all sales, use, or consumption of all new tangible personal property, rental property, or taxable services".

Under HJR 36, the rate of the tax is set at 5.11%. In the fiscal note, the Oversight Division notes that "Officials from the University of Missouri, Economic and Policy Analysis and Research Center (EPARC) assumed a previous version of the proposal would if enacted...taxes would be replaced with a state sales tax rate of 5.11%."

Upon reading the fiscal note, it would appear to the uninformed reader that someone in Missouri actually did a calculation that verified the 5.11% as a correct number for replacing these taxes. Further investigation tells us that was not in fact the case, and that the 5.11% was not adequate to replace all of the repealed taxes.

The 5.11% is a calculation prepared by Karen Wahby of Americans for Fair Taxation, based upon a prior study of the Fair Tax by the Beacon Hill Institute at Suffolk University in Suffolk, Massachusetts. (A copy of her original calculations attached). Her calculation to reach the 5.11% is as follows:

	(in millions)
Private Consumption	\$168,862
Federal Government Consumption	\$16,285
State Government Consumption	\$17,174
Total Consumption	\$202,321
less Prebate base (poverty level spending)	-\$42,931
plus nontaxable government spending adjustment	\$3,799
Total Mo Fair Tax Base	\$163,189
Fair Tax Base Excluding govt consumption (Line 2)	\$146,904
Revenues to be replaced	\$7,142

Tax Rates

Rate to replace revenues in line 11	4.58%
Rate to replace revenues in Line 11 excluding federal government consumption	5.11%

He said there are a number of problems with this calculation. Since this calculation was performed in January 2009, it is assumed that Ms. Wahby was utilizing the most recent revenues from Fiscal Year 2008 as the replacement number. However, the actual revenues that would need to be replaced are:

	<u>Net Rcpts</u> <u>FY2008</u> (in millions)
Individual Income tax	\$5,210
Sales tax (general revenue)	\$1,931
Sales tax (1.225% non GR)	\$955
Corporate income and franchise taxes	\$459
Total	\$8,555

In essence when Ms. Wahby solved for the FairTax rate at 5.11% she solved for the wrong revenue number. She only solved for \$7.142 billion when she should have solved for \$8.555 billion. He said please note that his numbers include the 1/8% conservation tax and the 1/10% park and soils sales tax. The Wahby calculation also does not take into account that there are items in the consumption base that cannot be taxed.

He said hence there was never a basis for the legislation that would have set the proposed consumption tax rate at 5.11%. It was an incorrect calculation that was validated in the fiscal note; the fiscal note was simply incorrect, and the 5.11% proposed rate was dramatically too low.

He said even though this calculation was simply wrong, it has become institutionalized in legislative proposals, including a bill recently introduced in the 2011 legislative session.

What Does The Prebate Cost?--The Show Me Institute Calculation of the Prebate

There have been varying estimates of the cost of the prebate in Missouri. The Missouri Budget Project calculated that the cost of the prebate would exceed \$3 billion. For the purpose of his analysis he said he will utilize the estimates of the prebate cost that were developed by Joseph Haslag and Abhi Sivasaliyam in a paper published by the Show-Me Institute on October 13, 2009 that was written in rebuttal of the \$3 billion calculation by the Missouri Budget Project.

Here is the calculation outlined in the paper by Haslag and Sivasaliyam:

“We estimate the number of families qualified for the rebate to be 2,626,800—the number of resident filers for Missouri’s individual income tax, as of 2007. Dividing Missouri’s population by the number of resident filers yields an average family size of 2.2. The federal poverty threshold approximation associated with a family of 2.2 is \$15,393, which—when multiplied by the sales tax rate—amounts to an average rebate value of \$786.58. Multiplying the rebate value by the number of rebates, we estimate the total cost of the rebate to be \$2,066,167,540.”

This paper also stated that, utilizing this prebate figure, the consumption tax would be 5.79%, as noted in further discussion below.

He provided comments on the prebate at this level:

- Exemptions from the taxable base raise the required tax rate. If the 5.79% rate goes higher due to exemptions from the tax base, the prebate rate needs to be higher. As the tax burden increases (due to exemptions), the payment to offset the impact of the increased tax rate also needs to increase, or lower income and middle-income citizens are disproportionately impacted.
- This prebate calculation by Haslag and Sivasaliyam does not address any local sales taxes. The proposed constitutional amendment requires local sales taxes to be adjusted to tax the same things as the increased consumption tax, and to adjust their rates accordingly. So the poor and working lower and middle class income citizens would have no prebate to offset the broadened base for local taxes.

The 2010 Legislative Session—HJR 56, HJR 71, SJR 29, SJR 36

In the 2010 General Assembly there were a number of bills similar to HJR 36 from the 2009 session that were introduced that called for an expanded consumption tax. These measures included HJR 56, introduced by Representative Ed Emery; HJR 71, introduced by Representative Andrew Koenig; SJR 29, introduced by Senator Chuck Purgason; and SJR 37, introduced by Senator Luann Ridgeway.

He said all of these measures continued to reference a tax rate of 5.11%, even though this number was clearly in error since its inception in the Karen Wahby calculation.

He said for the first time, one of the fiscal notes references the possibility that 5.11% is an incorrect number. The fiscal note states,

“..data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents and investment is difficult to access. What little literature is available on this subject suggests this rate is likely too low. For instance, the Show-Me Institute has calculated the rate to be 5.79%. Estimates from other groups, such as the Institute for Taxation and Economic Policy, range higher, as much as 12% or more. Assuming a 5.79% rate is correct, this proposal would be short of revenue neutrality by nearly 11.74%. Estimating lost individual income, sales tax, and corporate revenues at a very high \$7.1 B, this leads to a revenue shortfall of \$834 M.”

The Show-Me Institute's 5.79% Calculation

The calculation of the consumption tax rate at 5.79% comes from a paper dated October 13, 2009 that was published by the Show-Me Institute. The paper was written by Joseph Haslag and Abhi Sivasailam.

Here is their calculation of the 5.79% rate. The paper states:

“The sum of the new government revenue necessary to replace the individual income, corporate income, and sales taxes is \$7,117,761,408 in fiscal 2009, according to the Department of Revenue. Further, the cost of the rebate program is \$2,066,167,540. Dividing this by personal consumption of \$158,531,333,333, we arrive at a revenue-neutral sales tax rate of 5.79 percent”.

Please note that the \$7,117,761,408 only accounts for the 3% general fund sales, and not the additional 1.225% that goes into earmarked funds.

He said the other major assumption is that the \$158 billion in personal consumption will all be subject to the increased consumption tax to make the rate 5.79%. Clearly there are items in the \$158 billion, as noted blow, that cannot be taxed.

Response by the Institute on Taxation and Economic Policy

In analyzing and critiquing the 5.79% calculation, the Institute on Taxation and Economic Policy (ITEP) notes that the personal consumption number of \$158 billion includes many expenditures that are either exempt from the increased consumption tax under the proposal (expenditures for higher education, for example) and other expenditures that arguably cannot be taxed under federal law (health care spending by the government, rental value of owner occupied housing, food stamps, spending by charities on behalf of individuals, interstate transportation, foreign travel).

This leads to the central question noted earlier in determining what is the correct consumption tax rate: 1) what is the base to be taxed, 2) what is the prebate, and 3) what is exempt from the consumption tax?

These are all factors that are necessary to determine what the correct tax rate is.

The United For Missouri Calculations

One of the proponents of the initiative petitions that have been filed is a group called United for Missouri, which is headed by former State Representative Carl Bearden. In a PowerPoint presented at the Associated Industries of Missouri (AIM) conference in the fall of 2010, Carl Bearden of United for Missouri showed a calculation of an increased consumption tax that would be capped at 7%.

The assumptions made by Bearden in his calculation are similar to many of the assumptions contained in the initiative petitions, and include:

- A rate capped at 7%.
- In order to replace the 3% general fund sales tax and the 1% Proposition C sales tax, the rate would have to be 6.75%.
- The 6.75% does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax; an additional .15% sales tax is required to replace them.
- This brings the rate to 6.9% (assuming their calculations are correct, which he said he is not conceding). The cap is 7% and the 6.9%, if correct, leaves virtually no funding for the prebate. So while the Bearden presentation calls for a prebate, he has already utilized all of the new consumption tax to replace current state revenues.
- If the Bearden calculation is incorrect, there is no review allowed or required to re-establish the rate. The state simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.

The Bearden calculation is as follows:

Missouri Personal Consumption Expenditures. \$166 Billion

- ✓ Less imputed rents \$19.9B
- ✓ Less health care paid by government \$15.1B
- ✓ Less insurance and imputed financial services \$5.5B
- ✓ Less motor vehicles \$4.7B
- ✓ Less motor fuels \$6.3B
- ✓ Less education (K-12, higher ed, vocational) \$3.1B
- ✓ Less non-profit and religious services \$6.9B
- ✓ Less purchases of new homes \$6.9B
- ✓ Less misc other adjustments \$3.4B

Estimated Tax Base \$107.7 Billion

The tax base Bearden assumes above, and a 6.75% tax rate, creates tax receipts of \$7.27 billion.

The Bearden calculation also does not account for this major exemption listed in the initiative petitions:

- Healthcare services paid for by non-governmental entities for individuals, which are specifically excluded from taxation by these initiative petitions;

Please note that the Bearden calculation excludes only government-sponsored health care payments (Medicare and Medicaid), while the initiative petitions exclude all healthcare expenditures from the increased consumption tax, which is a huge difference.

According to the Missouri Tax Expenditure Report for 2009 (available on the Office of Administration, Division of Budget and Planning website) prepared by the Economic and Policy Analysis Research Center at the University of Missouri-Columbia, the *foregone state tax revenues (at 3%)* of not taxing healthcare, prescription drugs, and non-prescription drugs is:

Medical Care	\$994.0 million
Prescription Drugs	\$184.9 million
Non-Prescription Drugs	\$ 22.7 million

The initiative petitions also do not define a healthcare expenditure for an individual, which is a huge potential loophole. Are non-prescription drugs a healthcare expenditure? The same question would apply to therapeutic massage therapy, weight loss expenditures for services not delivered by a licensed medical practitioner, and residential expenditures for elderly care in an assisted living facility.

In any case, the Bearden calculation, which if correct required a tax rate of 6.75% to replace current revenues, did not exempt health care expenditures from the taxable base. At a 3% tax rate, this new exemption would cost about \$1.2 billion in state tax revenues, and the proposed increased consumption tax rate is over double the current tax rate.

He said this healthcare exemption clearly leaves the state dramatically short of replacing existing tax revenues, and the other remaining problem is that there is no funding available for a prebate under the initiative petitions.

Part 3—Other Problems With The Proposed Initiative Petitions

Gaming Revenues

He said neither the nine initiative petitions nor the Bearden calculation excludes gaming revenues from the taxable base. Gaming revenues are currently taxed at a rate of 21% of the gaming company's adjusted gross receipts; imposing an additional sales tax of more than 12% on the revenues from these operations would make their tax rate nearly one-third of their adjusted gross receipts.

In addition, gaming companies pay a fee of \$2.00 per every two hours for patrons utilizing their services. These fees would also be subject to the additional consumption tax.

The base for the increased consumption tax calculation should either exclude the gaming taxes from the increased consumption tax, or the fiscal note should reflect that gaming companies will be double taxed.

Local Franchise Agreements/Taxing Internet Services

Many telecommunications and video service providers currently operate in local communities through agreements that call for franchise fees. The increased consumption tax called for by these initiative petitions repeals all current sales tax exemptions, and also requires local governments to recalculate their local sales tax rates to comply with the new Missouri Constitution defined consumption tax. He said when this occurs, any business collecting and paying taxes through a local franchise fee or a similar tax characterized as a local use tax will have to layer on top of that the dramatically higher consumption tax.

Taxation of internet services are specifically prohibited by federal law. While the initiative petitions exempt from taxation those items exempted from taxation by federal law, it is unclear whether the petition advocates understood that these specific services are exempt and must be removed from the calculation.

Tax Credits

He said the proponents' proposals on tax credits are very confusing. They propose to bar the authorization or issuance of any tax credits that would be taken against any tax repealed by section 1(a) or 1 (b) of the initiative. The state income tax and corporate income tax are repealed by section 1(b).

The petitions further state that after June 30, 2016, no tax credits approved or redeemed against taxes repealed under section 1(a) or 1(b).

This second section would appear to allow credits to be taken against these taxes until June 30, 2016, even though the taxes against which they may be taken are repealed on December 31, 2013, and therefore there would be no tax liability against which to take them.

The Low Income Housing Tax Credit is a 10% credit taken over 10 years, and the project must be completed before the developer can begin receiving the credit. There are 10-year low-income housing tax credits already approved, within the current year and future years, where the project will be completed (thereby vesting and earning the credits) that will exceed both of these dates. He said apparently the intent of this proposal is to take those tax credits away from their owners without compensation.

When considering only low-income housing tax credits that are earned and vested by January 1, 2014, tax credit investors alone will lose in the hundreds of millions of dollars without compensation.

He said it is questionable whether the courts would allow this to happen. However, if the investors are paid by the state or allowed a credit against the consumption tax liability owed by a taxpayer, the initiative petitions run into the same problem as with other items discussed. All funds will have already been committed to other uses, and there will not be adequate funds to pay for these liabilities.

He said if funds are spent on tax credits after the passage of any of the initiative petitions, they take away from the available funds to replace current taxes, which are already inadequate to allow current state services to continue, as the analysis has shown.

Part 4—The “Economic Engine” Myth

He said proponents of the increased consumption tax laud the fact that replacing income taxes with consumption taxes will energize enormous economic growth. He suggested more research is needed, and in particular reference a publication by proponents of the increased consumption tax.

He suggested reading an article for the Show-Me Institute dated December 15, 2010 entitled Income Taxes vs. Sales Taxes: A Welfare Comparisons, written by Grant Casteel and Joseph Haslag.

Among the excerpts from the article he pointed out the following quotes:

“However, we also show that if people value current consumption enough relative to future consumption, they prefer the income tax regime to the sales tax regime.”

“When a sales tax policy is implemented, consumer spending declines.”

“After about a generation’s worth of time, people are happier under the sales tax policy than under the income tax policy.”

He said even by the proponents’ own statements, the short term impact of an increased consumption tax is that consumer spending declines, which will make tax revenues decline.

Part 5—What Is The Real Fiscal Impact Of These Proposals

What Is The Correct Calculation

He said the analysis shows that there are many factors that will impact the rate of the increased consumption tax if passed by the voters. Please note that while local sales tax

rates vary by city or county, the highest rates tend to be in the most populous areas, and therefore the majority of the citizens will pay at the very highest local rates.

He said the voters should know the correct tax rate before they vote on this radical and understudied concept. Here is the most reasonable calculation to use to show the proper rate if this proposal were to pass:

Tax Rate Required To Replace Current Taxes (with exemptions as provided in petitions)	9.00%
Tax Rate To Replace Conservation And Parks and Soils	.25%
Estimated Average Local Tax Rate With New Base	2.75%
Total Tax Rate For Expanded Consumption Tax (without prebate)	12.00%
Tax Rate To Provide For Prebate	3.00%
Total Tax Rate Providing for Prebate	15.00%

Suggested Ballot Language

He said he believes that all nine ballot petitions are fatally flawed. They do not generate adequate revenues to replace the current revenues they purport to replace, nor to provide for a prebate.

Although the initiative petitions call for the establishment of a prebate by law, there is no money available to fund the prebate at a number calculated by Joseph Haslag and Abhi Sivasailam (which would be too low because the tax rate will be higher than what they calculated). An additional constitutional amendment would have to be placed in front of the voters that would increase the consumption tax rate by approximately 3%.

He suggested the following fiscal note wording:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Marc H. Ellinger provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment to Article X of the Missouri Constitution, version 7a:

Executive Summary

Ellinger indicated he has submitted nine different and unique versions of a constitutional amendment to Article X. The analysis and review of any one version cannot be used as a template or, as Mr. Moody suggests, a carbon copy review of the other versions. The taxes repealed and the period of time of such repeal is different across the various petitions. This fact alone precludes a single letter or concept analysis of the fiscal impact of any version. Moreover, the exemptions from the new tax differ in the versions, further compounding the logical failure of any analysis seeking to review all of the versions together, including Moody's letter. This proposed statement of fiscal impact addresses only Version 7a, pursuant to Section 116.175, RSMo, and 15 CSR 40-5.010 (4) (C), (D), and (E).

Summary of Version 7a

- Repeals the individual income tax (January 1, 2014);
- Repeals the corporate franchise tax (January 1, 2014);
- Repeals current sales and uses taxes (January 1, 2014);
- Preserves the Parks and Soils and Conservations Sales Tax as they currently exist;
- Requires the general assembly to impose and levy a tax on sales to individuals and services provided to individuals (January 1, 2014) at a rate not to exceed 7%;
- Specifically exempts sales and services which have previously been taxed; services rendered by an employee for an employer; intangible personal property held for investment purposes; sales of real property; sales of motor fuel; tuition and fees of elementary, secondary or higher education; insurance premiums and products; property and services used for agriculture; sales or services to or for the benefit of political subdivisions, businesses or charitable organizations; sales or services for the benefit of an individual's healthcare (as provided for by law); sales made through the use of federal food stamp coupons; sales under the supplemental feeding for women, infants and children program; sales exempted from state taxation under federal programs; non-proprietary sales or services performed by political subdivisions; sales which the state is prohibited from taxing; and any other sale or service exempted by the General Assembly;
- Requires the general assembly to provide a rebate or credit to be applied to the taxable purchases by low income individuals; and

- Allows county or political subdivision to broaden the base of existing taxes, licenses, or fees, with voter approval.

Proposed Statement of Fiscal Impact for Version 7a

The total cost or savings to state or local governmental entities is unknown. Most state governmental entities estimate no costs, however, some state governmental entities may have unquantified indirect costs. It is estimated this proposal will have no costs or savings to local governmental entities.

Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero in FY 2013 and unknown in FY 2014. The net effect on state funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on state funds in FY 2014 is unknown. While the individual income tax, corporate franchise tax, and current sales tax are repealed, the new sales tax generally replaces the lost revenue. The net effect on local funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on local funds in FY 2014 is also zero since political subdivisions are given an option to recalculate their tax rates and apply the new rate to an expanded base.

ESTIMATED NET EFFECT ON STATE FUNDS (in thousands)		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	unknown
Total Estimated Net Effect on All State Funds	\$0	unknown
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

The proposed amendment would neither establish a new program or agency nor duplicate an existing program or agency.

The proposed amendment is not a federal mandate.

No new program or agency is being created; therefore, there is no new program or agency that will have a direct fiscal impact on any political subdivision of the state.

No new physical facilities will be required by the proposed amendment.

The proposed amendment will have a positive economic impact on small businesses in FY 2014 and going forward. Small business owners and S Corporations will no longer pay state income tax. Corporations previously subject to the corporate franchise tax will no longer pay the corporate franchise tax. Small businesses would be exempt from paying

the replacement sales tax. The proposed amendment will result in a significant positive economic impact on small businesses, and it is likely that at least some of the cost savings will be passed onto consumers.

Response to letter from Mr. James R. Moody

It is unclear whether the letter dated January 24, 2011 is in response to this specific proposed amendment or whether it is a general response to “Fair Tax” ideas. The letter consults numerous sources that are irrelevant and immaterial to the proposed amendment. 15 CSR 40-5.010 (4)(C) requires that the proposed statement of fiscal impact “be limited to the estimated fiscal impact of the proposed measure.” The letter also makes numerous misstatements about the contents and effect of the proposed amendment. This response serves to clarify what should be considered by the Auditor’s office in preparing the fiscal statement and to clarify the substance and effect of the proposed amendment.

Moody references a number of items which can be addressed first, generally. The numbers and analyses of past legislative proposals should be disregarded. Moody’s discussion of the substance of these proposals and their fiscal impact has no bearing on the proposed amendment. The proposed amendment is significantly different than any past legislation. Moody’s discussion of these proposals is irrelevant to the fiscal impact of the proposed amendment.

Moody also presents numbers and analyses from a book titled “Fair Tax,” a study by the Show-Me Institute, and reports from the Missouri Budget Project and United for Missouri. Moody’s discussion of these studies has no bearing on the proposed amendment. None of these studies were conducted on the proposed amendment or pertain directly to the provisions of the proposed amendment (as required by 15 CSR40-5.010(4)(C), (D), and (E)). The proposed amendment is not called the “fair tax” and the ideas and opinions in any fair tax books or made concerning prior fair tax proposals are not analyses of the fiscal impact of the proposed amendment before the Auditor. The Show-Me Institute study is not a study of our proposal. As the author, Joe Haslag, has stated, the study focused on a fictional model economy and was never meant to represent any version of tax reform under consideration. The study was published on December 15, 2010 and is not an analysis of the proposals that were filed on January 14, 2011. Moody’s discussion of the substance of any proposed tax schemes from these sources and their fiscal impact is irrelevant to the fiscal impact of the proposed amendment, and therefore Moody’s comments and discussion regarding these sources should be disregarded.

With respect to Moody’s more specific points, each of which will be addressed in the order presented, Moody makes several statements about the proposed amendment which are factually inaccurate. Moody also makes several assertions of fact and offers his own fiscal analysis, yet none of the assertions or any evidence or authority supports the numbers offered by Moody. Finally, much of the evidence actually tends to disprove the statements made by Moody.

Moody claims that the petitions “will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.” The proposed amendment will neither bankrupt the state nor the poor. Examples of other states with no income taxes demonstrate the feasibility of the proposed amendment. *See* Appendix A.

With respect to the cost of any “prebate,” Moody turns to a number of sources that are irrelevant to the proposed amendment, as discussed above. The proposed amendment requires the General Assembly to provide “a rebate or credit to be applied to the taxable purchase by low income individuals, as defined by the general assembly.” Version 7a, Section 1(i). The low income rebate or credit is mandated by the proposed amendment. While the size and scope of such a rebate or credit are subject to debate, the General Assembly is mandated to create such a system and thus protect the interests of low income individuals in Missouri. In addition, Moody claims that funding a prebate “would require the passage of a constitutional amendment” and that the “tax burden will fall disproportionately on the lower-income and middle class population of the state.” However, Moody provides no evidence of analysis to support his claims about the size of the rebate or the distribution of the taxes paid by income group relative to the proposed amendment.

Moody claims that the initiative petitions contain no exclusion for “business to business transactions.” This is factually inaccurate. The proposed amendment states that the “general assembly shall enact a law...imposing and levying a tax on all sales to individuals and on all services provided to individuals[.]” Version 7a, Section 1(e)(1). The proposed amendment also defines “Sales” as “any transfer exchange, or barter, conditional or otherwise, to an individual[.]” Version 7a, Section 1(g)(1). The proposed amendment defines “Services” as “all activities for the benefit, use or consumption of an individual[.]” Version 7a, Section 1(g)(2). Finally Section 1(f)(9) of Version 7a specifically exempts business to business transactions. That section reads, in part, “Sales or services to or for the benefit of...a business...and the sale of service is in furtherance of the purpose of...a business[.]” Moody’s statement that there is no exclusion for “business to business transactions” is simply wrong.

Moody suggests that the proposed amendment “will out-migrate Missouri talent providing services and shift Missouri purchases to other states.” While some individuals may choose to purchase goods elsewhere near the border because of lower sales taxes in neighboring states, this impact shall be offset by individuals who chose to move into the state of Missouri because of lower income taxes (0%) and lower costs of doing business (0% sales tax on business to business transactions). It is impossible to accurately estimate the net impact on individual behavior. However, the experience of other states shows that states with no income tax have experienced more rapid population growth than states with an income tax. There is no evidence that a broad consumption tax leads to an exodus of individuals from a state. *See* Appendix B.

Moody makes the claim that “it is generally recognized that sales taxes tend to be regressive” but provides no authority for such claim, nor does he provide any authority or evidence that the tax under the proposed amendment would “tend to be regressive.”

Moody alleges that low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax. Moody fails to recognize that under the proposed amendment, the Medicaid benefits, supplemental nutrition program benefits and a multitude of services from not-for-profit and religious organizations received by low-income individuals are all exempt from the sales tax under the proposed amendment. See, e.g., Version 7a, Section 1(f)(9)-(13), (15). Furthermore, the general assembly may choose to exempt other sales or services under Section 1(f)(16).

Moody utilizes “United for Missouri” calculations, and points out that the rate of tax estimated by United for Missouri “does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax.” He states that “an additional .15% sales tax is required to replace them.” The proposed amendment does not repeal the conservation sales tax or the parks and soils sales tax. See Version 7a, Section 1(d) (“All laws imposing sales and use taxes, and exemptions thereto...are repealed...except any taxes imposed by Article IV, Sections 43(a) and 47(a) or any taxes provided for by Article IV, Section 30(a)[.]”). Thus any calculation suggesting these taxes need to be “replaced” is inherently flawed.

Moody suggests that under the proposed amendment “[t]he State simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.” However, as the fiscal analysis of the proposed amendment above demonstrates, the fiscal impact in FY 2013 zero and in FY 2014 is unknown.

Moody claims that “United for Missouri’s” calculations are flawed because they do not account for “the major exemption” of healthcare services. Version 7a, Section 1(f)(10) exempts “Sales or services for the benefit of any individual’s healthcare as may be provided by law.” Therefore, healthcare services paid for by non-governmental entities for individuals are included in the tax base of the proposed amendment. Healthcare sales or services may be exempted by the General Assembly, as provided by law. Moody himself states that healthcare would be taxed on page 4 of his remarks. (“*Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care.*”)

Moody states that the proposed amendment does not exclude “gaming revenues” from the taxable base. Moody is correct that gaming revenues are currently taxed at a rate of 21%. Section 313.822, RSMo, provides “A tax is imposed on the adjusted gross receipts received from gambling games authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent.” The tax in the proposed amendment is not on “adjusted gross receipts” but rather, is “on all sales to individuals and on all services provided to individuals[.]” Version 7a, Section 1(e)(1). Gaming revenues and the admission fee are neither sales to individuals nor services provided to individuals and are thus not included in the taxable base under the proposed amendment.

Moody also states that the proposed amendment “requires local government to recalculate their local sales tax rates[.]” This is simply untrue. Version 7a, Section 1(j)(1) states “Effective January 1, 2014, any county or political subdivision may broaden the base of an existing tax, license or fee, only with the approval of the majority of the qualified voters[.]”

Moody suggests that the corporate income tax is repealed by the proposed amendment. This is inaccurate. The corporate income tax is not repealed by the proposed amendment. Version 7a, Section 1(b)(1) repeals “Any law...that imposes a tax...that is on or measured by the income or earnings of an individual” effective January 1, 2014. Moody fails to recognize that Version 7a does repeal the corporate franchise tax. Version 7a, Section 1(b)(2) states that “The state corporate franchise tax” is repealed.

Moody also takes issue with the tax credit provisions of the proposed amendments, stating that tax credit investors will lose hundreds of millions of dollars without compensation. Version 7a, Section 1(a)(4), provides that the general assembly shall not have the power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied to the individual income tax or sales tax except as provided in the proposed amendment. Section 1(c) provides that no tax credits shall be authorized or issued after 2013 to be applied to the individual income tax or the corporate franchise tax. Section 1(c) also provides that any tax credits authorized or issued prior to 2013 can be approved or redeemed (and applied to individual income tax or corporate franchise tax) until June 30, 2016. Even after 2016, tax credits can be applied against other taxes, including: the corporate income tax, the bank tax, the insurance premium tax, the other financial institutions tax, the express companies tax. Specifically, those with low income housing tax credits can redeem (or sell such credits to others who can redeem) such credits against the financial institution tax, and the insurance company premium tax. Furthermore, nothing in this measure if passed would restrict the ability of the General Assembly as provided by law from offering the current equivalent of such benefits, in a form other than tax credits, directly by general law.

Moody suggests that the proposed amendment relies on an “economic engine” myth. However, our fiscal analysis assumes no dynamic effect on GDP growth. When projecting the state GDP we rely on national GDP estimates from the CBO. Since both our tax base projections and the projections of revenues eliminated by our measure are driven by the size of the future state GDP, our fiscal impact notes are in effect immunized to varying assumptions about changes in GDP. There is however evidence that over long periods of time, states with no income tax experience faster economic growth. *See* Appendix B.

Moody suggests that “increased consumption tax” will decrease consumer spending. Again, he offers no evidence or authority for this claim. It is possible to theorize that raising taxes on consumption would decrease consumption. However, it is also important to recognize that by our estimates, the proposed amendment adds \$5.7 billion (2014) dollars of what would normally be collected as individual income tax into the pockets of

Missouri consumers. This additional spending power should translate into additional consumption offsetting potential declines from imposing a broad consumption tax.

Finally, Moody offers the “Real Fiscal Impact” of the proposed amendment. His analysis is flawed. First, the Conservation and Parks and Soils Taxes are not repealed by the proposed amendment. Second, local municipalities are not required to recalculate their tax rates. He suggests that a tax rate of 9% will be required to replace current taxes, yet offers no explanation or evidence for how that rate was calculated. None of the no-income tax states in the United States have a sales tax rate that exceeds 7%. *See Appendix A.*

Finally Moody suggests the following fiscal impact statement:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Moody has not demonstrated that seven percent is inadequate to replace current state revenues. He has not demonstrated a shifting tax burden. His argument about tax credits is inaccurate as explained above. Similarly, his explanation of the taxable base contains factual inaccuracies. Section 116.174.3, RSMo, requires that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities. The fiscal note summary shall contain no more than fifty words, excluding articles, which shall summarize the fiscal note in language neither argumentative nor likely to create prejudice either for or against the proposed measure." Moody's proposed summary does not state the measure's estimated cost or savings. The language is not only argumentative and likely to create prejudice, but is also factually inaccurate and should be wholly rejected by the Auditor.

Appendix A – No income tax states

All Data for Fiscal Year 2008, numbers in thousands

State	General Sales Tax Rate	State Taxes	General Sales Tax	Motor fuel, alcohol, tobacco, utility and other sales taxes (gaming etc.)	% from General Sales	% from Selective Sales	% from All Sales Taxes
Alaska	0.00%	8,424,714	-	279,569	0.0%	3.3%	3.3%
Alaska derives the majority of state revenue comes from oil royalties							
Florida	6.00%	35,849,998	21,518,100	7,778,923	60.0%	21.7%	81.7%
New Hampshire	0.00%	2,251,179	-	792,947	0.0%	35.2%	35.2%
New Hampshire derives significant revenues from corporate income taxes and state property taxes							
Nevada	6.90%	6,115,585	3,077,433	1,853,019	50.3%	30.3%	80.6%
Nevada derives significant (\$1.3 b) revenues from gaming taxes							
South Dakota	4.00%	1,321,368	732,438	339,814	55.4%	25.7%	81.1%
Tennessee	7.00%	11,538,430	6,832,948	1,779,434	59.2%	15.4%	74.6%
Texas	6.25%	44,675,953	21,668,972	11,696,220	48.5%	26.2%	74.7%
Washington	6.50%	17,959,833	11,344,622	3,056,046	63.2%	17.0%	80.2%
Wyoming	4.00%	2,404,843	981,198	134,663	40.8%	5.6%	46.4%
Wyoming derives significant (\$0.95b) revenues from mineral rights							
Missouri	4.225%	10,965,171	3,228,274	1,542,357	29.4%	14.1%	43.5%

Sources: <http://www2.census.gov/govs/estimate/08slsstab1a.xls> , <http://www2.census.gov/govs/estimate/08slsstab1b.xls> , http://dor.myflorida.com/dor/taxes/sales_tax.html , <http://tax.state.nv.us/pubs.htm> , <http://www.state.sd.us/drr2/businesstax/st/salestax.htm> , <http://www.window.state.tx.us/taxinfo/sales/> , http://dor.wa.gov/docs/forms/Excstx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf , <http://revenue.state.wy.us/portals/bvs/desktopdefault.aspx?tabindex=3&tabid=10>

Appendix B – Population Change in No Income Tax States

Territory	2000 Population	2009 Population	Population Growth	Faster (Slower) than United States Average
Alaska	626,932	698,473	11.41%	2.32%
Florida	15,982,378	18,537,969	15.99%	6.90%
Nevada	1,998,257	2,643,085	32.27%	23.18%
New Hampshire	1,235,786	1,324,575	7.18%	(1.91%)
South Dakota	754,844	812,383	7.62%	(1.47%)
Tennessee	5,689,283	6,296,254	10.67%	1.58%
Texas	20,851,820	24,782,302	18.85%	9.76%
Washington	5,894,121	6,664,195	13.07%	3.97%
Wyoming	493,782	544,270	10.22%	1.13%
United States	281,421,906	307,006,550	9.09%	
No-income-tax state average			14.37%	5.28%
No-income-tax state weighted-average			16.40%	7.30%
Missouri	5,595,211	5,987,580	7.01%	(2.08%)

Notes: 2009, July estimate

Sources: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-PH1&-ds_name=DEC_2000_SF1_U&-format=US-9, http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-T1-R&-ds_name=PEP_2009_EST&-redoLog=false&-format=US-40S&-mt_name=DEC_2000_SF1_U_GCTPH1_US9

The **State Auditor's office** summarizes the comments provided as follows:

It is the duty of the State Auditor to provide fair, unbiased fiscal notes and summaries for initiative petitions, estimating the fiscal impact of the initiative, and the office takes this responsibility seriously. But, it is also the office's responsibility to inform the voters when initiatives are so broad that the fiscal impact cannot reasonably be predicted. That is the case with this petition.

To assist in drafting the fiscal note and summary, the office received input from 22 public entities, and Mr. Marc H. Ellinger and Mr. James R. Moody provided information as a proponent and opponent of the proposals, respectively. The cost and savings estimates ranged from an unknown or no fiscal impact to a projected state budget shortfall in excess of \$1.02 billion.

The petition is dependent upon undefined variables related to legislative actions required and changes in consumer spending, none of which can be predicted at this time. Some of the legislative actions include, but are not limited to:

- The legislature must establish the specific sales tax rate, up to seven percent.
- The legislature must define "low income" for the purpose of issuing rebates, credits or prebates.
- The legislature must determine how to address tax credits in the event tax credits can no longer be redeemed.
- The legislature must determine what healthcare costs, if any, will be exempt from taxation.
- The legislature must establish a method for calculating and providing sales tax rebates, credits or prebates.
- The legislature must determine what additional tax exemptions, if any, will exist.
- The legislature must determine if senior citizens and the disabled are to continue receiving certain tax credits.
- The legislature must determine whether to collect delinquent taxes and pay tax refunds.

In addition to the legislative uncertainties, both proponents and opponents make wide-ranging assumptions regarding consumer spending which are not verifiable. Some of the unanswered questions regarding consumer spending include, but are not limited to:

- Whether the elimination of a state income tax will cause people to move into Missouri with a corresponding increase in the tax base.

- Whether the implementation of a "consumption tax" will lead citizens to move out of Missouri.
- Whether citizens living near a bordering state will avoid the sales tax by shopping across state lines if the bordering state has a lower sales tax.
- Whether Missourians will avoid the sales tax by buying more used items instead of new items.
- Whether Missourians will avoid the sales tax by shopping online instead of in state.
- Whether service providers will establish locations outside of Missouri to avoid a sales tax on services.

While the office discounts the dire predictions of state bankruptcy, predictions of little or no fiscal impact on the state are also difficult to support. While quantifying risks where possible is preferred, for the foregoing reasons, it would be inappropriate for the office to attempt to prospectively quantify the effects of this broad initiative.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Fiscal Note Summary

The total cost, savings, and/or change in tax revenue to state and local governmental entities cannot be determined. The proposal (1) requires a range of legislative action with unknown outcomes, and (2) will result in changes to consumer spending patterns that cannot be presently quantified.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-22)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received January 18, 2011)

Date

February 7, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

James R. Moody provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated that elimination of tax credits would have a negative impact on revenue for the Missouri Agricultural and Small Business Development Authority (MASBDA). Average annual revenues for the last four years (FY07-FY10) were \$286,135 per year. Therefore, it appears that MASBDA would realize \$143,070 in reduced revenues in FY 14. Reduced revenues in FY 15 and thereafter are estimated to equal \$286,135 per year.

Officials from the **Department of Economic Development** indicated they have reviewed Initiative Petitions 11-16, 11-17, 11-18, 11-19, 11-20, 11-22, and 11-23. Because there is no material difference among these proposals (hereinafter “this proposal”) as pertinent to the Department of Economic Development, we are submitting this combined memorandum. This proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual and eliminates the power of the General Assembly to enact such taxes, effective January 1, 2014. The repealed taxes are to be replaced with a sale and use tax of up to seven percent imposed on the purchase of goods and services by consumers, subject to a number of exemptions enacted in place of all current sales tax exemptions.

As impacts the Department of Economic Development, this proposal would eliminate the General Assembly’s power to authorize the issuance, approval or redemption of any tax credits to be applied against the taxes repealed by the proposal, which, as relevant to tax credits and other tax-based incentive programs, includes personal income and withholding taxes. This proposal further provides that no tax credits shall be authorized or issued to be applied to the repealed taxes after December 31, 2013. After June 30, 2016, no tax credits authorized by the General Assembly to be applied to any of the repealed taxes issued on or before December 31, 2013 shall be approved or redeemed. The department assumes that tax credits could continue to be redeemed against the remaining applicable taxes types, including the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes, which would remain intact under this proposal because they are not “measured by income or earnings of an individual.”¹

Finally, this proposal would repeal and prohibit the General Assembly from enacting any law authorizing any county or other political subdivision to impose a tax measured by

¹ This is in contrast to IP 11-15, which, as applicable to the taxes against which tax credits typically may be redeemed, leaves intact only the insurance premium tax.

earnings or income, unless the tax was imposed by a city prior to January 1, 2013. In addition, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under this proposal, without a mechanism for the local sales taxes to be replaced.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. The Department of Economic Development administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by prohibiting the redemption of such credits after June 30, 2016 against the now-repealed personal income tax. The department assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. The department also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature. The department also assumes that after June 30, 2016, tax credits could continue to be redeemed utilizing either of these two options to the extent applicable to the specific credit.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's

effective date through December 31, 2013, because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have—i.e. in advance of the 2016 redemption deadline—or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is likely to be litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from

the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund such projects are income-tax based, this proposal would jeopardize the financing for these projects by repealing the taxes generating the necessary revenues to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by taxes that would be repealed under this proposal, which could mean that the relevant local entity would default on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds would negatively impact not only the specific local entity but also the municipal bond market overall.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local

development projects. The department will defer to DOR for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** provided the following Calculation of Tax on Insurance Premiums from Initiative Petitions 11-15 thru 11-23.

		Incidence of tax on seller	Incidence of tax on buyer
		Gross Domestic Insurance Company Premiums* TAX YEAR 2009	Total Insurance Premiums TAX YEAR 2009
Initiative Petition	Tax Rate	\$768,761,954.49	\$12,634,241,702.02
11-15 thru 11-22	7%	\$53,813,336.81	\$884,396,919.14
11-23	4%	\$30,750,478.18	\$505,369,668.08

*Due to exemption proposed tax primarily collected from domestic insurance companies

ASSUMPTIONS/NOTES:

- 1) Numbers presented assume insurance product sales remain constant
- 2) Insurance product sales may be impacted if insurance premiums rise due to the proposed sales tax
- 3) Domestic insurance companies may re-domicile from Missouri to foreign states if the incidence of tax is on the seller, reducing the amount collected
- 4) If the general assembly does not exempt health insurance premiums as a benefit for individual healthcare, the total amount of insurance premiums subject to the proposed sales tax would increase by an estimated \$2,693,623,829 or \$10,943,678,671 respectively

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition as it appears to hold the department's Parks and Soil Sales Tax funds harmless.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department; however, they defer to the Office of Administration for the statewide impact.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$14,389,007 for fiscal year 2014.

The costs include increased:

Salaries-\$7,841,707

Fringe Benefits-\$4,104,349

Equipment and Expense-\$2,442,951

They said the proposal affects all state agencies that are funded by general revenues. It also affects all political subdivisions with local taxes. The department does not know whether this proposal was forwarded to all affected entities. It is unclear what the impact will be on small business.

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$102,396.

The value of the level of effort is calculated on 3864 FTE hours.

They said income tax revenue will decline and sales tax revenue must increase.

The department and ITSD-DOR will need to make programming changes to various tax systems.

Assumptions and methodology used in arriving at state fiscal impact:

Comments and Assumptions:

- The FTE impact for the processing area in fiscal year 2014 is based on a nine-month cycle. Personnel will be required to be fully trained as of January 1, 2014. The department will need to hire and begin training temporary staff in October 2013.

Personal Tax:

- For FY 12 – Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 13 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15 – Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax (July 2014 through December 2014). For the last six months of FY15 (January 2015 – June 2015), Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and

collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- The registration area would see an impact because including all services as a taxable product would greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
 - FY12 - No impact
 - FY13 - No impact
 - FY14 - Based on the presumption of doubling the number of businesses, for registration, contacts, collection effort –CATA will need an additional 88 temporary employees (CATA's FY09 sales use tax and registration FTE impact was 44) Training will begin in October of 2013.
 - FY15 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income, withholding and corporate tax accounts (this reduction will not be seen in this analysis as the period of the fiscal note ends in 2014).

Sales, Excise and Business Tax:

- The following impact is based upon the assumption that the workload for sales and use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., Business tax will need an additional 97 temporary employees for sales and use tax.
- The department assumes that although the new sales tax would go into effect January 1, 2014, current staff responsible for corporate tax, withholding tax and personal tax will not be available for reallocation until the last half of FY15, and even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 – No impact
 - FY 14 – Business tax will need 97 temporary employees. Training will begin in October of 2014. These would be temporary employees however, since they will be employed for nine months, benefits will be provided.
 - FY 15 – For the first half of the year Business tax will need the 97 temporary employees and for the second half Business tax will need 73 temporary employees. The reduction for the second half of FY15 is based upon the assumption that 25% of the permanent staff will now be available for reallocation – Rather than hire new temporary staff, which would require training the new staff; it would be more beneficial to retain the temporary employees. The employees would then be eligible for benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Corporate/Withholding Tax:

- For FY 12 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 13 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 14 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 15 – Corporate/Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) and 79% of existing staff in the Corporate Tax Section (19 out of 24 FTE) to continue the processing and collection duties of withholding and corporate tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in business tax area on a one-to-one basis.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. To conduct double that amount (4,700 sales and use tax audits), it would be necessary to double audit enforcement staff, including additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions would increase Field Compliance to 320 positions and a payroll of approximately \$14.0 million.
- Each additional employee would have start up costs which would include a new computer, file cabinet, desk, chair, side chair, calculator, and on-going supplies. The approximate cost for 160 new employees would be \$454,080. The travel and operating budget could potentially double by moving the budget from \$400,000 to potentially \$800,000. This would bring the approximate Expense and Equipment cost to approximately \$1.2 million.
- The department would need to expand and possibly move each in-state and out of state audit office facility to accommodate the increase in personnel. The estimated cost double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal:

- For FY12 – No impact
- For FY13 – No impact
- For FY14 – Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

Prebate:

Because the prebate will be provided by subsequent legislation, the department cannot determine what resources will be required with any certainty. But additional resources above those already identified will be required.

Comments:

- Eliminating the income tax would not “eliminate” the filing of returns. Individual income tax filers will file their 2013 calendar year returns after January 1, 2014. Individuals and businesses would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2014.
- The department is not clear of the impact of Section 1(c)(1) . It appears this section would never apply since the legislation repeals individual income tax in Section 1(b)(1) and Section 1(a)(1) prevents any new individual income taxes from being enacted.
- The department is not clear of the impact of Section 1(c)(2) . It appears this section would never apply as it repeals individual income tax in Section 1(b)(1) and Section 1(a)(1) prevents any new individual income taxes from being enacted?
- The department is not clear whether the state would have the authority to require sellers to collect this tax. The legislation does not have similar language to current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does. Changing the collecting and remitting responsibility from sellers to purchasers would dramatically reduce the percentage of tax that the Department is able to collect.
- The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state’s rights with respect to such taxes. The amendment is unclear as to whether such provisions are eliminated. If they are, that would mean that the state cannot assess, audit, or refund.
- No empirical basis appears to exist for setting the state sales tax rate at 5 or 7 percent and assuming that rate will generate the revenue that income-and asset-based taxes currently generate for general revenue.
- The department is unclear of the impact to taxes or refunds due, but not yet paid. Instead of repealing the laws on January 1, 2014, the department would recommend changing language to say: “For tax years beginning on or after January 1, 2014...” Also, the existing laws should remain in place in order to wrap up all old business.
- The proposal prevents any tax credit from being issued after December 31, 2013 and prevents any tax credit redemptions after June 30, 2016. This would impact many individuals who have credits that can be carried forward beyond FY2016.
- Without further action by the general assembly, most local taxing jurisdiction's sales taxes could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144"

(or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.

- There is no provision provided in this petition which allows for rate adjustments.
- This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission. In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petitions do not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim an exemption, but would not be responsible for actually proving it was entitled to it.

The following are observations made by the department regarding the various exemptions:

(1) Sales of personal property, which were transferred in a taxable transaction in another state before being brought into Missouri, are not exempt.

(3) “Other similar intangible personal property held for investment purposes” is vague and will generate litigation.

(4) Exempts sales of real property, but not rentals or leases of real property.

(8) The terms “agricultural trade” and “agricultural business purposes” are vague and will generate litigation.

(10) Exemption is broader than just purchases of healthcare items and services. It also includes any item purchased by a doctor or hospital for the benefit of any of its patients.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if adopted by the voters, will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals, with various exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the

Missouri Constitution. The provisions contained in Section 1 (d) of both proposals would appear to leave intact such sales tax. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. Consequently, it appears that both proposals would have an impact on department funds, but it is unknown at this time whether the proposals would result in an increase or decrease of funds.

Officials from the **Department of Transportation** indicated the total estimated reduction in revenue on all state funds will be \$136 million for 2014, \$290 million for 2015, and \$298 million for 2016. Funds affected include the Road Fund, the Road Bond Fund, and the Transportation Fund. The total estimated reduction in revenue on all local funds will be \$18 million for 2014, \$31 million for 2015, and \$31 million for 2016.

This IP makes several changes to Missouri's current state taxation laws. The IP will have a significant negative impact to MoDOT. MoDOT's aviation jet fuel sales and motor fuel tax revenues would remain the same and would remain frozen at their current rates. MoDOT would lose a significant portion of its state revenue stream from the redirection of motor vehicle sales taxes to the General Revenue Fund.

The loss of revenue from motor vehicle sales and use taxes would also impact cities and counties as they receive a portion of the motor vehicle sales and use tax revenue stream.

The department also has concerns that the Missouri Highways and Transportation Commission would likely face a downgrade of its rating as it relates to its \$3.3 billion of outstanding State Road Bonds due to such a significant change in revenue for the department.

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the division should it be approved by the voters.

They made the following comments:

To replace foregone revenues the General Assembly shall enact a law imposing a sales tax not to exceed 7%. Revenues from this sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Prop. C), which shall be held harmless.
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit.
3. An unspecified rebate program for low income families. Because no details of the program are given in the proposal, Budget and Planning (BAP) cannot determine the potential cost. Further, the spending program would be subject to appropriation, the uncertainty of which could negatively influence consumer behavior.

BAP notes the possibility exists that the General Assembly is unable to enact a new sales tax law by January 1, 2014. In this case, given the repeal of the other major taxes listed above, the state would be left with very little revenue.

Because the existing sales tax law is repealed, many if not most of the existing sales taxes for numerous political subdivisions, including counties, cities, public safety districts, transportation development districts, and others are potentially nullified. The proposal does not specify a direct mechanism to replace the sales tax base or local revenues, although this could be addressed when the General Assembly enacts the new sales tax law required in Section 1(e). The DOR reports collections of \$2.298B in local sales tax revenues in FY 2010.

Calculating a Sales Tax Rate

The proposal calls for a 7% sales tax rate on a newly defined sales tax base. However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access. Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate.² Estimates from other groups, such as the Institute for Taxation and Economic Policy (ITEP) also suggest something greater than 11%.³

Estimating the Consumption Base

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US Department of Commerce Bureau of Economic Analysis (BEA's) national income and product account (NIPA) tables as reported by the BEA in December 2010,⁴ excluding items that are non-taxable under federal law or under the proposal. Also, BAP notes that the proposal's exemption for individual healthcare expenditures is broad and undefined until such time as the legislature defines it, so the actual health care exemption may be much different than the figure estimated below. Finally, BAP estimates the loss due to explicit avoidance activities, such as Internet purchases, traveling across state lines, or the purchase of used goods, as 10%; this figure is entirely arbitrary. Missouri expenditures are assumed to be 1.77% of national expenditures, based on Missouri portion of personal income in 2009 as reported by the BEA in December 2010.⁵ BAP estimates the consumption base to be \$89.719B as in Table 1. At the 7% rate codified in the proposal, this would generate a little over \$6.28B in revenues. However, if the General Assembly enacts a sales tax rate less than 7%, revenues would be reduced accordingly.

² http://www.showmeinstitute.org/docLib/20101215_income_taxes.pdf

³ <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

⁴ <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>

⁵ <http://www.bea.gov/regional/spi/drill.cfm>

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal increases prices, via a new sales tax, for many products and services. These include but are not limited to food for home consumption, domestic utilities and telecommunications, rents, daycare providers, consumer legal and financial services, realty services, repair services, and personal care services.
- According to US Census Bureau data, roughly two-thirds of Missouri's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families. This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$4.46 billion in state and local income taxes were deducted in tax year 2008.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,001.3
Net Used Motor Vehicles	2.4.5; 06	(104.1)
Motor Fuel	2.4.5; 36	(280.8)
Higher Education	2.4.5: 101	(145.5)
PK-12 Education	2.4.5: 102	(39.7)
Vocational Education	2.4.5: 103	(37.5)
Insurance Premiums	2.4.5: 90	(308.6)
Individual Healthcare	2.4.5: 60	(1,623.2)
Food Stamps (not taxable under federal law)	3.12: 021	(54.6)
Free checking & other financial services	2.4.5: 088	(271.2)
Rental Value of owner-occupied housing	2.4.5: 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5: 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5: 064	(45.1)
Foreign travel by US citizens	2.4.5: 109	(105.4)
Foreign travel into US	2.4.5: 110	124.5
US taxable base		5,639.3
MO share 1.77%:		99.816
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Assume 10% loss for avoidance, purchases of other used goods		(9.982)
Taxable Base		89.719
Revenues At 7% Rate		6,280,330,000

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. Finally, the table includes the replacement of existing motor vehicle sales taxes, which are currently dedicated to highway usage but which would have to be replaced in order to hold those funds harmless.

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of nearly \$1.02B when compared to revenue collections in FY 2010, the second year of revenues severely depressed by the national recession. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Further, this calculation does not take into account any spending needed to administer the rebate program described in section 1(i). To offset each additional \$897 million in spending, the sales tax rate would have to be raised 1%, according to the sales tax base calculated above.

Finally, this calculation does not take into account the potential need to replace \$2.298B in local sales tax revenues. An additional sales tax of 2.561% would be necessary.

⁷ Revenues are as reported in the DOR Annual Financial Reports, and the SAMII Data Warehouse.

Table 2.

Sources by Fiscal Year	2010
Individual Taxes	5,495,341,696
Individual Refunds	(1,050,238,448)
Property Tax Credit Refunds	(118,594,589)
Corporate Income Taxes	408,935,797
Corporate Income Refunds	(214,417,694)
GR Sales and Use Taxes	1,790,181,504
Sales Tax Refunds	(59,962,469)
SDTF General Taxes	704,439,710
SDTF Vehicle Taxes	28,304,001
Motor Vehicles Sales Taxes	193,298,505
Total	7,177,288,012
Circuit Breaker Replacement Program	118,594,589
Revenues to Be Replaced	7,295,882,601
Needed Rate:	8.132%

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2011.

FY 2011 General Revenue Budget (\$M)	
Foundation Formula	2,342
K-12 Transportation	84
Higher Ed Institutions	797
Scholarships	81
State Employee Health Care Plan	260
DMH/DHSS Community Programs	492
Medicaid	1,536
Corrections	593
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	348

Other Impacts

BAP indicated this proposal eliminates all of the tax credit incentive programs in the state. The proposal prohibits the issuance of income tax credits after 12/31/13, and prohibits the redemption of previously issued tax credits after 6/30/16. This would persuade current holders of tax credits who would have otherwise redeemed their credits

after 6/30/16 to claim redemptions in an earlier fiscal year. BAP believes this would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system that is already inadequately funded by the 7% sales tax. Additionally, the state could not honor existing agreements for “streaming” tax credits authorized to be issued after 2013, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection and the complicated sales tax rebate system, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. BAP notes that this proposal directs all sales taxes to the general fund. Thus, this would supersede existing provisions in Article IV, Sec 30(b), which direct MV sales taxes to highway functions. While the sales tax rate on new vehicles would increase, the rate would be zero on used vehicles. This would create a strong incentive for consumers to forego purchases of new vehicles, which would further adversely impact funding for road construction and maintenance. MODOT can provide a fuller discussion of such issues.

Other proposals

BAP indicated this response related to initiative petition 11-15.

BAP said the initiative petition requests 11-16 through 11-23 are similar in nature to 11-15, with variances in the technical aspects of the bills. These changes would alter the calculations above to some degree, but the main conclusions remain the same.

All proposals except 11-15 repeal only taxes on individual earnings, leaving corporate taxes intact.

Proposal 11-21 repeals the corporate franchise tax.

Proposal 11-22 provides a phased-in change to the tax system in two increments, while proposal 11-23 provides three increments.

Regarding education exemptions, proposal 11-16 does not exempt higher education, while proposal 11-17 exempts only higher education.

Proposal 11-18 omits the phrase “as provided by law” from the healthcare exemption.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Rockwood R-VI School District** indicated the district does not anticipate any increase in cost or savings as a result of this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency

James R. Moody provided information as an opponent of this initiative petition.

Mr. Moody said he was retained by Missourians Against Higher Sales Taxes to provide a fiscal analysis of the proposed constitutional amendments that the State Auditor received regarding repealing the state income tax and other taxes and replacing them with a greatly expanded consumption tax.

Because the proponents have submitted nine separate petitions that are similar in most aspects, he said he is submitting this information as a single letter that is identical in addressing each of the nine petitions.

He said he will begin the analysis with some words of caution for the State Auditor, and suggestions for the questions that should be asked in every phase of the analysis. He said he believes that a sound analysis by the State Auditor's office will reach the conclusion that he has reached—that is, all of these petitions are fiscally untenable. They will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.

Part 1—Background and Overview

Beware Baiting and Switching

He provided the following overall comments:

As will be explained in the analysis below, proponents of the increased consumption tax have been using calculations that are simply wrong on their face. They have all calculated a rate that is too low in determining the real consumption tax rate, primarily because they have overstated the taxable base subject to the increased consumption tax.

As the current proponents who submitted the initiative petitions have recognized that their assumed tax base has been too high, the proponents have recently began to put exemptions from the increased consumption tax into their proposals. This is either because the items cannot be taxed under federal law, or they view that their taxation would be electorally unpopular. The simple math is that exemptions from taxation lower the taxable base. The more tax exemptions assumed, the lower the tax base, and the higher the tax rate has to be. If the goal truly is to do this new tax in a way that replaces existing taxes, the higher tax rate has major ramifications to those taxed, particularly the lower and middle income classes.

The proponents deal with this phenomenon by either capping the tax rate at 7% (whether or not that generates adequate tax revenue to replace current tax revenues), and/or suggesting a “prebate”, although none of the proposals provide any funding for it.

The proponents would leave you to believe that you can have a reduced tax base, a relatively low and capped tax rate, and a prebate fully funded. That notion, however, is a pure fantasy, and a basic “bait and switch” tactic. The “bait and switch” would attempt

to make you believe that these three components are not absolutely inter-related. The 7% cap is a gimmick to get around the significant problems with these initiative petitions.

Things To Consider In Developing The Fiscal Statement

He suggested the following items be considered as key aspects in the fiscal analysis:

- What goods and services are taxed;
- What is the rate applied to those goods and services that are taxed;
- Is there a “prebate”, and if so how much is it and who gets it;
- If the prebate is not given to every citizen, does the structure create “tax cliffs” and disadvantage the middle class;
- What exemptions are granted from the increased consumption tax;
- What happens if the calculations are wrong, both in the short term and the longer term?

He said as this work discusses the history of this proposal and the various attempts by consumption tax advocates at quantifying the fiscal impact in the past, please note that there are a number of significant variances between: 1) past legislative proposals to submit the expanded consumption tax to a vote of the people, and 2) what is contained in the initiative petitions that have been submitted to the Secretary of State. These include:

- Past proposals have envisioned the replacement of the individual income tax, the corporate income and franchise taxes, and the existing sales tax to be essentially revenue neutral. In the legislative proposals, there was a commission established to review the adequacy of the 5.11% calculation (he said his analysis will show that rate was inadequate) and to reset the rate if necessary. The proposed initiatives cap the consumption tax at 7%, which is inadequate to replace the foregone revenues and provide funding for a prebate. The proposed initiatives do not pretend to be revenue neutral, nor to provide for any recalculation of the rate.
- The FairTax Book and the proponents of an expanded consumption tax have in the past called for a “prebate” (discuss below) to protect the poor and the middle class from this extremely regressive tax structure. While the initiatives call for the General Assembly to establish a prebate by law, there is no money set aside for this prebate with the 7% cap on the increased consumption tax. According to the Show-Me Institute, the prebate will cost at least \$2 billion.
- Article X, Section 18(e) calls for a vote of the people to raise taxes by more than approximately \$90 million. Therefore, to fund the prebate (if not funded by the current initiatives) would require the passage of a constitutional amendment by a statewide vote of the people to increase the consumption tax by about 3%. If any of the initiatives submitted through these proposals is adopted by the voters, since there is no possible way to fund a prebate without another constitutional amendment, the tax burden will fall disproportionately on the lower-income and middle class population of the state.
- The legislative bills previously introduced called for an undefined exclusion from the consumption tax on services of “business to business transactions”. The initiative petitions contain no such exclusions, which means that all services will be subject to the

expanded consumption tax. These proposals would tax the services of lawyers, doctors, accountants, architects, consultants, advertising agencies, and interior designers at the greater than 12% rate (explained below), as well as also taxing rents, food, utilities, telecommunications, print and video advertising, day care, beauty care and other similar services.

- Because Missouri borders eight other states, those providing services or consuming services will simply move across the border, or go across the border to sell or purchase goods or services that they desire to consume at a lower tax rate. No fiscal impact statement can be complete without including an estimate of these adverse impacts. Rather than create some great economic movement in Missouri, the passage of any of these initiative petitions will out-migrate Missouri talent providing services and shift Missouri purchases to other states.
- A Show-Me Institute study shows that the increased economic activity generated by having a consumption tax instead of income taxes would take a generation to occur (if it does), and in the shorter term may result in a loss of economic activity.

He said in order to assist the analysis, he will provide his view of the “prebate” concept from the FairTax Book, discuss prior efforts at broadening the consumption tax that have been introduced in the Missouri General Assembly, and the calculation errors that existed in prior calculations by the proponents.

The Importance of the Prebate to the Consumption Tax Discussion

It is generally recognized that sales taxes tend to be regressive—that is, they place more of the relative tax burden on those at the lower and middle-income level, who spend a higher percentage of their income on items that are subject to sales tax.

A consumption tax that broadens the definition of the goods and services that are subject to a sales tax arguably is even more regressive, as the broadened base would include areas where poor and middle-class families and individuals spend most of their money. Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care. Low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax.

In response to the concern that an expanded consumption tax is regressive, the authors of the FairTax Book, Neil Boortz and John Linder, developed the concept of a payment received by all citizens to alleviate the regressive nature of the expanded consumption tax. This payment, which would be made at the beginning of each month, is called a “prebate”.

The prebate is important to this discussion for two reasons. The first is that the expanded consumption tax is incredibly regressive without this payment. The second is that the prebate adds to the cost of this proposal dramatically if it in fact is paid to all citizens and accounted for in the fiscal analysis. The FairTax Book envisioned that the prebate

would be given to every citizen; the Joseph Haslag/Abhi Sivasailam calculation of the prebate referenced herein assumed the same.

He said please note that while he disagrees with Ms. Wahby's calculation, as outlined below, she also did attempt to take the prebate into consideration in her calculation.

Boortz/Linder on the Prebate

He said while he understands the potentially devastating effects of an increased consumption tax on the poor, the lower income class and middle class working people, the concept of the necessity of a prebate (upfront monthly payment to all citizens to offset the impact on lower and middle income citizens) to address that problem was contained in the original The FairTax Book, authored by Neil Boortz and John Linder.

Here are some excerpts discussing the prebate from the FairTax Book:

"The folks who wrote the FairTax plan knew that burdening the poor with a 23 percent retail sales tax would doom the plan from the outset...its creators ensured that no one should ever have to pay the sales tax on the basic necessities of life. That's why the prebate—the monthly check on all basic household necessities—was invented.

The size of the monthly prebate payment will be based on the government's published poverty levels for various-sized households. The number is updated every year to keep up with inflation, so the work of calculating the size of the prebate is already done. Here's an example of how the prebate payments would work in 2005.

Let's say your household consists of a married couple with two children. The FairTax Act sets forth a formula for computing the poverty level, based on government figures, which negates any marriage penalty. Under the FairTax Act, in 2005 your household would be granted an annual consumption allowance of \$25,660. This is the amount the government estimates you would spend during that one year to buy the necessities of life for your family. The sales tax on this amount would equal \$5,902. The government would rebate this amount to you in twelve equal monthly installments of just under \$492.

Now, it's clear that low-income Americans will be better off, much better off, under the Fair Tax Plan. They would have their income and payroll taxes abolished; they would receive their whole paycheck with no federal withholding; they would have the 22 percent tax costs that are currently embedded in everything they buy eliminated; and they would receive a payment each month to guarantee they could spend all of their money up to the poverty level and not lose one penny to taxes. Wow....

Now... bear in mind, the prebate isn't just for the poor. It's paid to everyone, rich and poor alike. The purpose here is to make sure that no American has to pay the FairTax on the basic necessities of life. Unlike the present income tax system, the FairTax treats each and every person in this country exactly the same."

Part 2--Prior Legislation and Consumption Tax Calculations

2009 Legislative Session—HJR 36 filed by Representative Ed Emery

House Joint Resolution 36 was introduced in the 2009 General Assembly by Representative Ed Emery. HJR 36 would have repealed the Missouri individual income tax, the corporate income tax, the corporate franchise tax, the bank franchise tax, and all existing state sales and use taxes, and would have replaced them with a broadened tax upon “all sales, use, or consumption of all new tangible personal property, rental property, or taxable services”.

Under HJR 36, the rate of the tax is set at 5.11%. In the fiscal note, the Oversight Division notes that “Officials from the University of Missouri, Economic and Policy Analysis and Research Center (EPARC) assumed a previous version of the proposal would if enacted...taxes would be replaced with a state sales tax rate of 5.11%.”

Upon reading the fiscal note, it would appear to the uninformed reader that someone in Missouri actually did a calculation that verified the 5.11% as a correct number for replacing these taxes. Further investigation tells us that was not in fact the case, and that the 5.11% was not adequate to replace all of the repealed taxes.

The 5.11% is a calculation prepared by Karen Wahby of Americans for Fair Taxation, based upon a prior study of the Fair Tax by the Beacon Hill Institute at Suffolk University in Suffolk, Massachusetts. (A copy of her original calculations attached). Her calculation to reach the 5.11% is as follows:

	(in millions)
Private Consumption	\$168,862
Federal Government Consumption	\$16,285
State Government Consumption	\$17,174
Total Consumption	\$202,321
less Prebate base (poverty level spending)	-\$42,931
plus nontaxable government spending adjustment	\$3,799
Total Mo Fair Tax Base	\$163,189
Fair Tax Base Excluding govt consumption (Line 2)	\$146,904
Revenues to be replaced	\$7,142
<u>Tax Rates</u>	
Rate to replace revenues in line 11	4.58%
Rate to replace revenues in Line 11 excluding federal government consumption	5.11%

He said there are a number of problems with this calculation. Since this calculation was performed in January 2009, it is assumed that Ms. Wahby was utilizing the most recent revenues from Fiscal Year 2008 as the replacement number. However, the actual revenues that would need to be replaced are:

	<u>Net Rcpts</u> <u>FY2008</u> (in millions)
Individual Income tax	\$5,210
Sales tax (general revenue)	\$1,931
Sales tax (1.225% non GR)	\$955
Corporate income and franchise taxes	\$459
Total	\$8,555

In essence when Ms. Wahby solved for the FairTax rate at 5.11% she solved for the wrong revenue number. She only solved for \$7.142 billion when she should have solved for \$8.555 billion. He said please note that his numbers include the 1/8% conservation tax and the 1/10% park and soils sales tax. The Wahby calculation also does not take into account that there are items in the consumption base that cannot be taxed.

He said hence there was never a basis for the legislation that would have set the proposed consumption tax rate at 5.11%. It was an incorrect calculation that was validated in the fiscal note; the fiscal note was simply incorrect, and the 5.11% proposed rate was dramatically too low.

He said even though this calculation was simply wrong, it has become institutionalized in legislative proposals, including a bill recently introduced in the 2011 legislative session.

What Does The Prebate Cost?--The Show Me Institute Calculation of the Prebate

There have been varying estimates of the cost of the prebate in Missouri. The Missouri Budget Project calculated that the cost of the prebate would exceed \$3 billion. For the purpose of his analysis he said he will utilize the estimates of the prebate cost that were developed by Joseph Haslag and Abhi Sivasaliyam in a paper published by the Show-Me Institute on October 13, 2009 that was written in rebuttal of the \$3 billion calculation by the Missouri Budget Project.

Here is the calculation outlined in the paper by Haslag and Sivasaliyam:

“We estimate the number of families qualified for the rebate to be 2,626,800—the number of resident filers for Missouri’s individual income tax, as of 2007. Dividing Missouri’s population by the number of resident filers yields an average family size of 2.2. The federal poverty threshold approximation associated with a family of 2.2 is \$15,393, which—when multiplied by the sales tax rate—amounts to an average rebate

value of \$786.58. Multiplying the rebate value by the number of rebates, we estimate the total cost of the rebate to be \$2,066,167,540.”

This paper also stated that, utilizing this prebate figure, the consumption tax would be 5.79%, as noted in further discussion below.

He provided comments on the prebate at this level:

- Exemptions from the taxable base raise the required tax rate. If the 5.79% rate goes higher due to exemptions from the tax base, the prebate rate needs to be higher. As the tax burden increases (due to exemptions), the payment to offset the impact of the increased tax rate also needs to increase, or lower income and middle-income citizens are disproportionately impacted.
- This prebate calculation by Haslag and Sivasailam does not address any local sales taxes. The proposed constitutional amendment requires local sales taxes to be adjusted to tax the same things as the increased consumption tax, and to adjust their rates accordingly. So the poor and working lower and middle class income citizens would have no prebate to offset the broadened base for local taxes.

The 2010 Legislative Session—HJR 56, HJR 71, SJR 29, SJR 36

In the 2010 General Assembly there were a number of bills similar to HJR 36 from the 2009 session that were introduced that called for an expanded consumption tax. These measures included HJR 56, introduced by Representative Ed Emery; HJR 71, introduced by Representative Andrew Koenig; SJR 29, introduced by Senator Chuck Purgason; and SJR 37, introduced by Senator Luann Ridgeway.

He said all of these measures continued to reference a tax rate of 5.11%, even though this number was clearly in error since its inception in the Karen Wahby calculation.

He said for the first time, one of the fiscal notes references the possibility that 5.11% is an incorrect number. The fiscal note states,

“..data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents and investment is difficult to access. What little literature is available on this subject suggests this rate is likely too low. For instance, the Show-Me Institute has calculated the rate to be 5.79%. Estimates from other groups, such as the Institute for Taxation and Economic Policy, range higher, as much as 12% or more. Assuming a 5.79% rate is correct, this proposal would be short of revenue neutrality by nearly 11.74%. Estimating lost individual income, sales tax, and corporate revenues at a very high \$7.1 B, this leads to a revenue shortfall of \$834 M.”

The Show-Me Institute’s 5.79% Calculation

The calculation of the consumption tax rate at 5.79% comes from a paper dated October 13, 2009 that was published by the Show-Me Institute. The paper was written by Joseph Haslag and Abhi Sivasailam.

Here is their calculation of the 5.79% rate. The paper states:

“The sum of the new government revenue necessary to replace the individual income, corporate income, and sales taxes is \$7,117,761,408 in fiscal 2009, according to the Department of Revenue. Further, the cost of the rebate program is \$2,066,167,540. Dividing this by personal consumption of \$158,531,333,333, we arrive at a revenue-neutral sales tax rate of 5.79 percent”.

Please note that the \$7,117,761,408 only accounts for the 3% general fund sales, and not the additional 1.225% that goes into earmarked funds.

He said the other major assumption is that the \$158 billion in personal consumption will all be subject to the increased consumption tax to make the rate 5.79%. Clearly there are items in the \$158 billion, as noted blow, that cannot be taxed.

Response by the Institute on Taxation and Economic Policy

In analyzing and critiquing the 5.79% calculation, the Institute on Taxation and Economic Policy (ITEP) notes that the personal consumption number of \$158 billion includes many expenditures that are either exempt from the increased consumption tax under the proposal (expenditures for higher education, for example) and other expenditures that arguably cannot be taxed under federal law (health care spending by the government, rental value of owner occupied housing, food stamps, spending by charities on behalf of individuals, interstate transportation, foreign travel).

This leads to the central question noted earlier in determining what is the correct consumption tax rate: 1) what is the base to be taxed, 2) what is the prebate, and 3) what is exempt from the consumption tax?

These are all factors that are necessary to determine what the correct tax rate is.

The United For Missouri Calculations

One of the proponents of the initiative petitions that have been filed is a group called United for Missouri, which is headed by former State Representative Carl Bearden. In a PowerPoint presented at the Associated Industries of Missouri (AIM) conference in the fall of 2010, Carl Bearden of United for Missouri showed a calculation of an increased consumption tax that would be capped at 7%.

The assumptions made by Bearden in his calculation are similar to many of the assumptions contained in the initiative petitions, and include:

- A rate capped at 7%.
- In order to replace the 3% general fund sales tax and the 1% Proposition C sales tax, the rate would have to be 6.75%.
- The 6.75% does not account for the 1/8 cent conservation sales tax, or the 1/10

- park and soils sales tax; an additional .15% sales tax is required to replace them.
- This brings the rate to 6.9% (assuming their calculations are correct, which he said he is not conceding). The cap is 7% and the 6.9%, if correct, leaves virtually no funding for the prebate. So while the Bearden presentation calls for a prebate, he has already utilized all of the new consumption tax to replace current state revenues.
- If the Bearden calculation is incorrect, there is no review allowed or required to re-establish the rate. The state simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.

The Bearden calculation is as follows:

Missouri Personal Consumption Expenditures. \$166 Billion

- ✓ Less imputed rents \$19.9B
- ✓ Less health care paid by government \$15.1B
- ✓ Less insurance and imputed financial services \$5.5B
- ✓ Less motor vehicles \$4.7B
- ✓ Less motor fuels \$6.3B
- ✓ Less education (K-12, higher ed, vocational) \$3.1B
- ✓ Less non-profit and religious services \$6.9B
- ✓ Less purchases of new homes \$6.9B
- ✓ Less misc other adjustments \$3.4B

Estimated Tax Base \$107.7 Billion

The tax base Bearden assumes above, and a 6.75% tax rate, creates tax receipts of \$7.27 billion.

The Bearden calculation also does not account for this major exemption listed in the initiative petitions:

- Healthcare services paid for by non-governmental entities for individuals, which are specifically excluded from taxation by these initiative petitions;

Please note that the Bearden calculation excludes only government-sponsored health care payments (Medicare and Medicaid), while the initiative petitions exclude all healthcare expenditures from the increased consumption tax, which is a huge difference.

According to the Missouri Tax Expenditure Report for 2009 (available on the Office of Administration, Division of Budget and Planning website) prepared by the Economic and Policy Analysis Research Center at the University of Missouri-Columbia, the *foregone state tax revenues (at 3%)* of not taxing healthcare, prescription drugs, and non-prescription drugs is:

Medical Care	\$994.0 million
Prescription Drugs	\$184.9 million
Non-Prescription Drugs	\$ 22.7 million

The initiative petitions also do not define a healthcare expenditure for an individual, which is a huge potential loophole. Are non-prescription drugs a healthcare expenditure? The same question would apply to therapeutic massage therapy, weight loss expenditures for services not delivered by a licensed medical practitioner, and residential expenditures for elderly care in an assisted living facility.

In any case, the Bearden calculation, which if correct required a tax rate of 6.75% to replace current revenues, did not exempt health care expenditures from the taxable base. At a 3% tax rate, this new exemption would cost about \$1.2 billion in state tax revenues, and the proposed increased consumption tax rate is over double the current tax rate.

He said this healthcare exemption clearly leaves the state dramatically short of replacing existing tax revenues, and the other remaining problem is that there is no funding available for a prebate under the initiative petitions.

Part 3—Other Problems With The Proposed Initiative Petitions

Gaming Revenues

He said neither the nine initiative petitions nor the Bearden calculation excludes gaming revenues from the taxable base. Gaming revenues are currently taxed at a rate of 21% of the gaming company's adjusted gross receipts; imposing an additional sales tax of more than 12% on the revenues from these operations would make their tax rate nearly one-third of their adjusted gross receipts.

In addition, gaming companies pay a fee of \$2.00 per every two hours for patrons utilizing their services. These fees would also be subject to the additional consumption tax.

The base for the increased consumption tax calculation should either exclude the gaming taxes from the increased consumption tax, or the fiscal note should reflect that gaming companies will be double taxed.

Local Franchise Agreements/Taxing Internet Services

Many telecommunications and video service providers currently operate in local communities through agreements that call for franchise fees. The increased consumption tax called for by these initiative petitions repeals all current sales tax exemptions, and also requires local governments to recalculate their local sales tax rates to comply with the new Missouri Constitution defined consumption tax. He said when this occurs, any

business collecting and paying taxes through a local franchise fee or a similar tax characterized as a local use tax will have to layer on top of that the dramatically higher consumption tax.

Taxation of internet services are specifically prohibited by federal law. While the initiative petitions exempt from taxation those items exempted from taxation by federal law, it is unclear whether the petition advocates understood that these specific services are exempt and must be removed from the calculation.

Tax Credits

He said the proponents' proposals on tax credits are very confusing. They propose to bar the authorization or issuance of any tax credits that would be taken against any tax repealed by section 1(a) or 1 (b) of the initiative. The state income tax and corporate income tax are repealed by section 1(b).

The petitions further state that after June 30, 2016, no tax credits approved or redeemed against taxes repealed under section 1(a) or 1(b).

This second section would appear to allow credits to be taken against these taxes until June 30, 2016, even though the taxes against which they may be taken are repealed on December 31, 2013, and therefore there would be no tax liability against which to take them.

The Low Income Housing Tax Credit is a 10% credit taken over 10 years, and the project must be completed before the developer can begin receiving the credit. There are 10-year low-income housing tax credits already approved, within the current year and future years, where the project will be completed (thereby vesting and earning the credits) that will exceed both of these dates. He said apparently the intent of this proposal is to take those tax credits away from their owners without compensation.

When considering only low-income housing tax credits that are earned and vested by January 1, 2014, tax credit investors alone will lose in the hundreds of millions of dollars without compensation.

He said it is questionable whether the courts would allow this to happen. However, if the investors are paid by the state or allowed a credit against the consumption tax liability owed by a taxpayer, the initiative petitions run into the same problem as with other items discussed. All funds will have already been committed to other uses, and there will not be adequate funds to pay for these liabilities.

He said if funds are spent on tax credits after the passage of any of the initiative petitions, they take away from the available funds to replace current taxes, which are already inadequate to allow current state services to continue, as the analysis has shown.

Part 4—The “Economic Engine” Myth

He said proponents of the increased consumption tax laud the fact that replacing income taxes with consumption taxes will energize enormous economic growth. He suggested more research is needed, and in particular reference a publication by proponents of the increased consumption tax.

He suggested reading an article for the Show-Me Institute dated December 15, 2010 entitled Income Taxes vs. Sales Taxes: A Welfare Comparisons, written by Grant Casteel and Joseph Haslag.

Among the excerpts from the article he pointed out the following quotes:

“However, we also show that if people value current consumption enough relative to future consumption, they prefer the income tax regime to the sales tax regime.”

“When a sales tax policy is implemented, consumer spending declines.”

“After about a generation’s worth of time, people are happier under the sales tax policy than under the income tax policy.”

He said even by the proponents’ own statements, the short term impact of an increased consumption tax is that consumer spending declines, which will make tax revenues decline.

Part 5—What Is The Real Fiscal Impact Of These Proposals

What Is The Correct Calculation

He said the analysis shows that there are many factors that will impact the rate of the increased consumption tax if passed by the voters. Please note that while local sales tax rates vary by city or county, the highest rates tend to be in the most populous areas, and therefore the majority of the citizens will pay at the very highest local rates.

He said the voters should know the correct tax rate before they vote on this radical and understudied concept. Here is the most reasonable calculation to use to show the proper rate if this proposal were to pass:

Tax Rate Required To Replace Current Taxes (with exemptions as provided in petitions)	9.00%
Tax Rate To Replace Conservation And Parks and Soils	.25%
Estimated Average Local Tax Rate With New Base	2.75%
Total Tax Rate For Expanded Consumption Tax (without prebate)	12.00%
Tax Rate To Provide For Prebate	3.00%
Total Tax Rate Providing for Prebate	15.00%

Suggested Ballot Language

He said he believes that all nine ballot petitions are fatally flawed. They do not generate adequate revenues to replace the current revenues they purport to replace, nor to provide for a prebate.

Although the initiative petitions call for the establishment of a prebate by law, there is no money available to fund the prebate at a number calculated by Joseph Haslag and Abhi Sivasailam (which would be too low because the tax rate will be higher than what they calculated). An additional constitutional amendment would have to be placed in front of the voters that would increase the consumption tax rate by approximately 3%.

He suggested the following fiscal note wording:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Marc H. Ellinger provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment to Article X of the Missouri Constitution, version 8a:

Executive Summary

Ellinger indicated he has submitted nine different and unique versions of a constitutional amendment to Article X. The analysis and review of any one version cannot be used as a template or, as Mr. Moody suggests, a carbon copy review of the other versions. The taxes repealed and the period of time of such repeal is different across the various petitions. This fact alone precludes a single letter or concept analysis of the fiscal impact of any version. Moreover, the exemptions from the new tax differ in the versions, further compounding the logical failure of any analysis seeking to review all of the versions together, including Moody's letter. This proposed statement of fiscal impact addresses only Version 8a, pursuant to Section 116.175, RSMo, and 15 CSR 40-5.010 (4) (C), (D), and (E).

Summary of Version 8a

- Phases out the individual income tax beginning January 1, 2014, with the individual income tax being repealed effective January 1, 2016;
- Repeals current sales and uses taxes (January 1, 2014);
- Preserves the Parks and Soils and Conservations Sales Tax as they currently exist;
- Requires the general assembly to impose and levy a tax on sales to individuals and services provided to individuals (January 1, 2014) at a rate not to exceed 7%;
- Specifically exempts sales and services which have previously been taxed; services rendered by an employee for an employer; intangible personal property held for investment purposes; sales of real property; sales of motor fuel; tuition and fees of elementary, secondary or higher education; insurance premiums and products; property and services used for agriculture; sales or services to or for the benefit of political subdivisions, businesses or charitable organizations; sales or services for the benefit of an individual's healthcare (as provided for by law); sales made through the use of federal food stamp coupons; sales under the supplemental feeding for women, infants and children program; sales exempted from state taxation under federal programs; non-proprietary sales or services performed by political subdivisions; sales which the state is prohibited from taxing; and any other sale or service exempted by the General Assembly;
- Requires the general assembly to provide a rebate or credit to be applied to the taxable purchases by low income individuals; and

- Allows county or political subdivision to broaden the base of existing taxes, licenses, or fees, with voter approval.

Proposed Statement of Fiscal Impact for Version 8a

The total cost or savings to state or local governmental entities is unknown. Most state governmental entities estimate no costs, however, some state governmental entities may have unquantified indirect costs. It is estimated this proposal will have no costs or savings to local governmental entities.

Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero in FY 2013 and unknown in FY 2014. The net effect on state funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on state funds in FY 2014 is unknown. While the individual income tax begins to phase out in 2014, and current sales tax is repealed, the new sales tax generally replaces the lost revenue. The net effect on local funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on local funds in FY 2014 is also zero since political subdivisions are given an option to recalculate their tax rates and apply the new rate to an expanded base.

ESTIMATED NET EFFECT ON STATE FUNDS (in thousands)		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	unknown
Total Estimated Net Effect on All State Funds	\$0	unknown
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

The proposed amendment would neither establish a new program or agency nor duplicate an existing program or agency.

The proposed amendment is not a federal mandate.

No new program or agency is being created; therefore, there is no new program or agency that will have a direct fiscal impact on any political subdivision of the state.

No new physical facilities will be required by the proposed amendment.

The proposed amendment will have a positive economic impact on small businesses in FY 2014 and going forward. Small business owners and S Corporations will no longer pay state income tax. Small businesses would be exempt from paying the replacement sales tax. The proposed amendment will result in a significant positive economic impact

on small businesses, and it is likely that at least some of the cost savings will be passed onto consumers.

Response to letter from Mr. James R. Moody

It is unclear whether the letter dated January 24, 2011 is in response to this specific proposed amendment or whether it is a general response to “Fair Tax” ideas. The letter consults numerous sources that are irrelevant and immaterial to the proposed amendment. 15 CSR 40-5.010 (4)(C) requires that the proposed statement of fiscal impact “be limited to the estimated fiscal impact of the proposed measure.” The letter also makes numerous misstatements about the contents and effect of the proposed amendment. This response serves to clarify what should be considered by the Auditor’s office in preparing the fiscal statement and to clarify the substance and effect of the proposed amendment.

Moody references a number of items which can be addressed first, generally. The numbers and analyses of past legislative proposals should be disregarded. Moody’s discussion of the substance of these proposals and their fiscal impact has no bearing on the proposed amendment. The proposed amendment is significantly different than any past legislation. Moody’s discussion of these proposals is irrelevant to the fiscal impact of the proposed amendment.

Moody also presents numbers and analyses from a book titled “Fair Tax,” a study by the Show-Me Institute, and reports from the Missouri Budget Project and United for Missouri. Moody’s discussion of these studies has no bearing on the proposed amendment. None of these studies were conducted on the proposed amendment or pertain directly to the provisions of the proposed amendment (as required by 15 CSR40-5.010(4)(C), (D), and (E)). The proposed amendment is not called the “fair tax” and the ideas and opinions in any fair tax books or made concerning prior fair tax proposals are not analyses of the fiscal impact of the proposed amendment before the Auditor. The Show-Me Institute study is not a study of our proposal. As the author, Joe Haslag, has stated, the study focused on a fictional model economy and was never meant to represent any version of tax reform under consideration. The study was published on December 15, 2010 and is not an analysis of the proposals that were filed on January 14, 2011. Moody’s discussion of the substance of any proposed tax schemes from these sources and their fiscal impact is irrelevant to the fiscal impact of the proposed amendment, and therefore Moody’s comments and discussion regarding these sources should be disregarded.

With respect to Moody’s more specific points, each of which will be addressed in the order presented, Moody makes several statements about the proposed amendment which are factually inaccurate. Moody also makes several assertions of fact and offers his own fiscal analysis, yet none of the assertions or any evidence or authority supports the numbers offered by Moody. Finally, much of the evidence actually tends to disprove the statements made by Moody.

Moody claims that the petitions “will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.” The proposed amendment will neither bankrupt the state nor the poor. Examples of other states with no income taxes demonstrate the feasibility of the proposed amendment. *See* Appendix A. With respect to the cost of any “prebate,” Moody turns to a number of sources that are irrelevant to the proposed amendment, as discussed above. The proposed amendment requires the General Assembly to provide “a rebate or credit to be applied to the taxable purchase by low income individuals, as defined by the general assembly.” Version 8a, Section 1(j). The low income rebate or credit is mandated by the proposed amendment. While the size and scope of such a rebate or credit are subject to debate, the General Assembly is mandated to create such a system and thus protect the interests of low income individuals in Missouri. In addition, Moody claims that funding a prebate “would require the passage of a constitutional amendment” and that the “tax burden will fall disproportionately on the lower-income and middle class population of the state.” However, Moody provides no evidence of analysis to support his claims about the size of the rebate or the distribution of the taxes paid by income group relative to the proposed amendment.

Moody claims that the initiative petitions contain no exclusion for “business to business transactions.” This is factually inaccurate. The proposed amendment states that the “general assembly shall enact a law...imposing and levying a tax on all sales to individuals and on all services provided to individuals[.]” Version 8a, Section 1(f)(1). The proposed amendment also defines “Sales” as “any transfer exchange, or barter, conditional or otherwise, to an individual[.]” Version 8a, Section 1(h)(1). The proposed amendment defines “Services” as “all activities for the benefit, use or consumption of an individual[.]” Version 8a, Section 1(h)(2). Finally Section 1(g)(9) of Version 8a specifically exempts business to business transactions. That section reads, in part, “Sales or services to or for the benefit of...a business...and the sale of service is in furtherance of the purpose of...a business[.]” Moody’s statement that there is no exclusion for “business to business transactions” is simply wrong.

Moody suggests that the proposed amendment “will out-migrate Missouri talent providing services and shift Missouri purchases to other states.” While some individuals may choose to purchase goods elsewhere near the border because of lower sales taxes in neighboring states, this impact shall be offset by individuals who chose to move into the state of Missouri because of lower income taxes (0%) and lower costs of doing business (0% sales tax on business to business transactions). It is impossible to accurately estimate the net impact on individual behavior. However, the experience of other states shows that states with no income tax have experienced more rapid population growth than states with an income tax. There is no evidence that a broad consumption tax leads to an exodus of individuals from a state. *See* Appendix B.

Moody makes the claim that “it is generally recognized that sales taxes tend to be regressive” but provides no authority for such claim, nor does he provide any authority or evidence that the tax under the proposed amendment would “tend to be regressive.”

Moody alleges that low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax. Moody fails to recognize that under the proposed amendment, the Medicaid benefits, supplemental nutrition program benefits and a multitude of services from not-for-profit and religious organizations received by low-income individuals are all exempt from the sales tax under the proposed amendment. See, e.g., Version 8a, Section 1(g)(9)-(13), (15). Furthermore, the general assembly may choose to exempt other sales or services under Section 1(g)(16).

Moody utilizes “United for Missouri” calculations, and points out that the rate of tax estimated by United for Missouri “does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax.” He states that “an additional .15% sales tax is required to replace them.” The proposed amendment does not repeal the conservation sales tax or the parks and soils sales tax. See Version 8a, Section 1(e) (“All laws imposing sales and use taxes, and exemptions thereto...are repealed...except any taxes imposed by Article IV, Sections 43(a) and 47(a) or any taxes provided for by Article IV, Section 30(a)[.]”). Thus any calculation suggesting these taxes need to be “replaced” is inherently flawed.

Moody suggests that under the proposed amendment “[t]he State simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.” However, as the fiscal analysis of the proposed amendment above demonstrates, the fiscal impact in FY 2013 zero and in FY 2014 is only unknown.

Moody claims that “United for Missouri’s” calculations are flawed because they do not account for “the major exemption” of healthcare services. Version 8a, Section 1(g)(10) exempts “Sales or services for the benefit of any individual’s healthcare as may be provided by law.” Therefore, healthcare services paid for by non-governmental entities for individuals are included in the tax base of the proposed amendment. Healthcare sales or services may be exempted by the General Assembly, as provided by law. Moody himself states that healthcare would be taxed on page 4 of his remarks. (*“Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care.”*)

Moody states that the proposed amendment does not exclude “gaming revenues” from the taxable base. Moody is correct that gaming revenues are currently taxed at a rate of 21%. Section 313.822, RSMo, provides “A tax is imposed on the adjusted gross receipts received from gambling games authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent.” The tax in the proposed amendment is not on “adjusted gross receipts” but rather, is “on all sales to individuals and on all services provided to individuals[.]” Version 8a, Section 1(f)(1). Gaming revenues and the admission fee are neither sales to individuals nor services provided to individuals and are thus not included in the taxable base under the proposed amendment.

Moody also states that the proposed amendment “requires local government to recalculate their local sales tax rates[.]” This is simply untrue. Version 8a, Section 1(k)(1) states “Effective January 1, 2014, any county or political subdivision may broaden the base of an existing tax, license or fee, only with the approval of the majority of the qualified voters[.]”

Moody suggests that the corporate income tax is repealed by the proposed amendment. This is inaccurate. The corporate income tax is not repealed by the proposed amendment. Version 8a, Section 1(c) phases out “[A]ny law...that imposes a tax...that is on or measured by the income or earnings of an individual” effective January 1, 2014.

Moody also takes issue with the tax credit provisions of the proposed amendments, stating that tax credit investors will lose hundreds of millions of dollars without compensation. Version 8a, Section 1(a)(3), provides that the general assembly shall not have the power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied to the individual income tax or sales tax except as provided in the proposed amendment. Section 1(d) provides that no tax credits shall be authorized or issued after 2013 to be applied to the individual income tax. Section 1(d) also provides that any tax credits authorized or issued prior to 2013 can be approved or redeemed (and applied to individual income tax) until June 30, 2016. Even after 2016, tax credits can be applied against other taxes, including: the corporate income tax, the franchise tax, the bank tax, the insurance premium tax, the other financial institutions tax, the express companies tax. Specifically, those with low income housing tax credits can redeem (or sell such credits to others who can redeem) such credits against the corporate franchise tax, the financial institution tax, and the insurance company premium tax. Furthermore, nothing in this measure if passed would restrict the ability of the General Assembly as provided by law from offering the current equivalent of such benefits, in a form other than tax credits, directly by general law.

Moody suggests that the proposed amendment relies on an “economic engine” myth. However, our fiscal analysis assumes no dynamic effect on GDP growth. When projecting the state GDP we rely on national GDP estimates from the CBO. Since both our tax base projections and the projections of revenues eliminated by our measure are driven by the size of the future state GDP, our fiscal impact notes are in effect immunized to varying assumptions about changes in GDP. There is however evidence that over long periods of time, states with no income tax experience faster economic growth. *See Appendix B.*

Moody suggests that “increased consumption tax” will decrease consumer spending. Again, he offers no evidence or authority for this claim. It is possible to theorize that raising taxes on consumption would decrease consumption. However, it is also important to recognize that by our estimates, the proposed amendment adds \$5.7 billion (2014) dollars of what would normally be collected as individual income tax into the pockets of Missouri consumers. This additional spending power should translate into additional consumption offsetting potential declines from imposing a broad consumption tax.

Finally, Moody offers the “Real Fiscal Impact” of the proposed amendment. His analysis is flawed. First, the Conservation and Parks and Soils Taxes are not repealed by the proposed amendment. Second, local municipalities are not required to recalculate their tax rates. Moody also fails to account for the unique differences of Version 8a, specifically Moody fails to assess how the phase out, rather than a straight repeal, of the individual income tax will affect the costs or savings to the state. He suggests that a tax rate of 9% will be required to replace current taxes, yet offers no explanation or evidence for how that rate was calculated. Moody offers no explanation for why in 2014, when Version 8a only limits the rate of the individual income tax to three percent (from six percent), the rate of the new sales tax would need to be 9%. Even after the repeal of the individual income tax in 2016, the evidence does not support Moody’s conclusion. None of the no-income tax states in the United States have a sales tax rate that exceeds 7%. *See Appendix A.*

Finally Moody suggests the following fiscal impact statement:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Moody has not demonstrated that seven percent is inadequate to replace current state revenues. He has not demonstrated a shifting tax burden. His argument about tax credits is inaccurate as explained above. Similarly, his explanation of the taxable base contains factual inaccuracies. Section 116.174.3, RSMo, requires that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities. The fiscal note summary shall contain no more than fifty words, excluding articles, which shall summarize the fiscal note in language neither argumentative nor likely to create prejudice either for or against the proposed measure." Moody’s proposed summary does not state the measure's estimated cost or savings. The language is not only argumentative and likely to create prejudice, but is also factually inaccurate and should be wholly rejected by the Auditor.

Appendix A – No income tax states

All Data for Fiscal Year 2008, numbers in thousands

State	General Sales Tax Rate	State Taxes	General Sales Tax	Motor fuel, alcohol, tobacco, utility and other sales taxes (gaming etc.)	% from General Sales	% from Selective Sales	% from All Sales Taxes
Alaska	0.00%	8,424,714	-	279,569	0.0%	3.3%	3.3%
Alaska derives the majority of state revenue comes from oil royalties							
Florida	6.00%	35,849,998	21,518,100	7,778,923	60.0%	21.7%	81.7%
New Hampshire	0.00%	2,251,179	-	792,947	0.0%	35.2%	35.2%
New Hampshire derives significant revenues from corporate income taxes and state property taxes							
Nevada	6.90%	6,115,585	3,077,433	1,853,019	50.3%	30.3%	80.6%
Nevada derives significant (\$1.3 b) revenues from gaming taxes							
South Dakota	4.00%	1,321,368	732,438	339,814	55.4%	25.7%	81.1%
Tennessee	7.00%	11,538,430	6,832,948	1,779,434	59.2%	15.4%	74.6%
Texas	6.25%	44,675,953	21,668,972	11,696,220	48.5%	26.2%	74.7%
Washington	6.50%	17,959,833	11,344,622	3,056,046	63.2%	17.0%	80.2%
Wyoming	4.00%	2,404,843	981,198	134,663	40.8%	5.6%	46.4%
Wyoming derives significant (\$0.95b) revenues from mineral rights							
Missouri	4.225%	10,965,171	3,228,274	1,542,357	29.4%	14.1%	43.5%

Sources: <http://www2.census.gov/govs/estimate/08slsstab1a.xls> , <http://www2.census.gov/govs/estimate/08slsstab1b.xls> , http://dor.myflorida.com/dor/taxes/sales_tax.html , <http://tax.state.nv.us/pubs.htm> , <http://www.state.sd.us/drr2/businesstax/st/salestax.htm> , <http://www.window.state.tx.us/taxinfo/sales/> , http://dor.wa.gov/docs/forms/Excstx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf , <http://revenue.state.wy.us/portals/bvs/desktopdefault.aspx?tabindex=3&tabid=10>

Appendix B – Population Change in No Income Tax States

Territory	2000 Population	2009 Population	Population Growth	Faster (Slower) than United States Average
Alaska	626,932	698,473	11.41%	2.32%
Florida	15,982,378	18,537,969	15.99%	6.90%
Nevada	1,998,257	2,643,085	32.27%	23.18%
New Hampshire	1,235,786	1,324,575	7.18%	(1.91%)
South Dakota	754,844	812,383	7.62%	(1.47%)
Tennessee	5,689,283	6,296,254	10.67%	1.58%
Texas	20,851,820	24,782,302	18.85%	9.76%
Washington	5,894,121	6,664,195	13.07%	3.97%
Wyoming	493,782	544,270	10.22%	1.13%
United States	281,421,906	307,006,550	9.09%	
No-income-tax state average			14.37%	5.28%
No-income-tax state weighted-average			16.40%	7.30%
Missouri	5,595,211	5,987,580	7.01%	(2.08%)

Notes: 2009, July estimate

Sources: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-PH1&-ds_name=DEC_2000_SF1_U&-format=US-9, http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-T1-R&-ds_name=PEP_2009_EST&-redoLog=false&-format=US-40S&-mt_name=DEC_2000_SF1_U_GCTPH1_US9

The **State Auditor's office** summarizes the comments provided as follows:

It is the duty of the State Auditor to provide fair, unbiased fiscal notes and summaries for initiative petitions, estimating the fiscal impact of the initiative, and the office takes this responsibility seriously. But, it is also the office's responsibility to inform the voters when initiatives are so broad that the fiscal impact cannot reasonably be predicted. That is the case with this petition.

To assist in drafting the fiscal note and summary, the office received input from 22 public entities, and Mr. Marc H. Ellinger and Mr. James R. Moody provided information as a proponent and opponent of the proposals, respectively. The cost and savings estimates ranged from an unknown or no fiscal impact to a projected state budget shortfall in excess of \$1.02 billion.

The petition is dependent upon undefined variables related to legislative actions required and changes in consumer spending, none of which can be predicted at this time. Some of the legislative actions include, but are not limited to:

- The legislature must establish the specific sales tax rate, up to seven percent.
- The legislature must define "low income" for the purpose of issuing rebates, credits or prebates.
- The legislature must determine how to address tax credits in the event tax credits can no longer be redeemed.
- The legislature must determine what healthcare costs, if any, will be exempt from taxation.
- The legislature must establish a method for calculating and providing sales tax rebates, credits or prebates.
- The legislature must determine what additional tax exemptions, if any, will exist.
- The legislature must determine if senior citizens and the disabled are to continue receiving certain tax credits.
- The legislature must determine whether to collect delinquent taxes and pay tax refunds.

In addition to the legislative uncertainties, both proponents and opponents make wide-ranging assumptions regarding consumer spending which are not verifiable. Some of the unanswered questions regarding consumer spending include, but are not limited to:

- Whether the elimination of a state income tax will cause people to move into Missouri with a corresponding increase in the tax base.

- Whether the implementation of a "consumption tax" will lead citizens to move out of Missouri.
- Whether citizens living near a bordering state will avoid the sales tax by shopping across state lines if the bordering state has a lower sales tax.
- Whether Missourians will avoid the sales tax by buying more used items instead of new items.
- Whether Missourians will avoid the sales tax by shopping online instead of in state.
- Whether service providers will establish locations outside of Missouri to avoid a sales tax on services.

While the office discounts the dire predictions of state bankruptcy, predictions of little or no fiscal impact on the state are also difficult to support. While quantifying risks where possible is preferred, for the foregoing reasons, it would be inappropriate for the office to attempt to prospectively quantify the effects of this broad initiative.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Fiscal Note Summary

The total cost, savings, and/or change in tax revenue to state and local governmental entities cannot be determined. The proposal (1) requires a range of legislative action with unknown outcomes, and (2) will result in changes to consumer spending patterns that cannot be presently quantified.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-23)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received January 18, 2011)

Date

February 7, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

James R. Moody provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated that elimination of tax credits would have a negative impact on revenue for the Missouri Agricultural and Small Business Development Authority (MASBDA). Average annual revenues for the last four years (FY07-FY10) were \$286,135 per year. Therefore, it appears that MASBDA would realize \$143,070 in reduced revenues in FY 14. Reduced revenues in FY 15 and thereafter are estimated to equal \$286,135 per year.

Officials from the **Department of Economic Development** indicated they have reviewed Initiative Petitions 11-16, 11-17, 11-18, 11-19, 11-20, 11-22, and 11-23. Because there is no material difference among these proposals (hereinafter “this proposal”) as pertinent to the Department of Economic Development, we are submitting this combined memorandum. This proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual and eliminates the power of the General Assembly to enact such taxes, effective January 1, 2014. The repealed taxes are to be replaced with a sale and use tax of up to seven percent imposed on the purchase of goods and services by consumers, subject to a number of exemptions enacted in place of all current sales tax exemptions.

As impacts the Department of Economic Development, this proposal would eliminate the General Assembly’s power to authorize the issuance, approval or redemption of any tax credits to be applied against the taxes repealed by the proposal, which, as relevant to tax credits and other tax-based incentive programs, includes personal income and withholding taxes. This proposal further provides that no tax credits shall be authorized or issued to be applied to the repealed taxes after December 31, 2013. After June 30, 2016, no tax credits authorized by the General Assembly to be applied to any of the repealed taxes issued on or before December 31, 2013 shall be approved or redeemed. The department assumes that tax credits could continue to be redeemed against the remaining applicable taxes types, including the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes, which would remain intact under this proposal because they are not “measured by income or earnings of an individual.”¹

Finally, this proposal would repeal and prohibit the General Assembly from enacting any law authorizing any county or other political subdivision to impose a tax measured by

¹ This is in contrast to IP 11-15, which, as applicable to the taxes against which tax credits typically may be redeemed, leaves intact only the insurance premium tax.

earnings or income, unless the tax was imposed by a city prior to January 1, 2013. In addition, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under this proposal, without a mechanism for the local sales taxes to be replaced.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. The Department of Economic Development administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by prohibiting the redemption of such credits after June 30, 2016 against the now-repealed personal income tax. The department assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. The department also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature. The department also assumes that after June 30, 2016, tax credits could continue to be redeemed utilizing either of these two options to the extent applicable to the specific credit.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's

effective date through December 31, 2013, because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have—i.e. in advance of the 2016 redemption deadline—or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is likely to be litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from

the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund such projects are income-tax based, this proposal would jeopardize the financing for these projects by repealing the taxes generating the necessary revenues to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by taxes that would be repealed under this proposal, which could mean that the relevant local entity would default on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds would negatively impact not only the specific local entity but also the municipal bond market overall.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local

development projects. The department will defer to DOR for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** provided the following Calculation of Tax on Insurance Premiums from Initiative Petitions 11-15 thru 11-23.

		Incidence of tax on seller	Incidence of tax on buyer
		Gross Domestic Insurance Company Premiums* TAX YEAR 2009	Total Insurance Premiums TAX YEAR 2009
Initiative Petition	Tax Rate	\$768,761,954.49	\$12,634,241,702.02
11-15 thru 11-22	7%	\$53,813,336.81	\$884,396,919.14
11-23	4%	\$30,750,478.18	\$505,369,668.08

*Due to exemption proposed tax primarily collected from domestic insurance companies

ASSUMPTIONS/NOTES:

- 1) Numbers presented assume insurance product sales remain constant
- 2) Insurance product sales may be impacted if insurance premiums rise due to the proposed sales tax
- 3) Domestic insurance companies may re-domicile from Missouri to foreign states if the incidence of tax is on the seller, reducing the amount collected
- 4) If the general assembly does not exempt health insurance premiums as a benefit for individual healthcare, the total amount of insurance premiums subject to the proposed sales tax would increase by an estimated \$2,693,623,829 or \$10,943,678,671 respectively

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition as it appears to hold the department's Parks and Soil Sales Tax funds harmless.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department; however, they defer to the Office of Administration for the statewide impact.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$14,389,007 for fiscal year 2014.

The costs include increased:

Salaries-\$7,841,707

Fringe Benefits-\$4,104,349

Equipment and Expense-\$2,442,951

They said the proposal affects all state agencies that are funded by general revenues. It also affects all political subdivisions with local taxes. The department does not know whether this proposal was forwarded to all affected entities. It is unclear what the impact will be on small business.

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$102,396.

The value of the level of effort is calculated on 3864 FTE hours.

They said income tax revenue will decline and sales tax revenue must increase.

The department and ITSD-DOR will need to make programming changes to various tax systems.

Assumptions and methodology used in arriving at state fiscal impact:

Comments and Assumptions:

- The FTE impact for the processing area in fiscal year 2014 is based on a nine-month cycle. Personnel will be required to be fully trained as of January 1, 2014. The department will need to hire and begin training temporary staff in October 2013.

Personal Tax:

- For FY 12 – Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 13 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14 - Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15 – Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax (July 2014 through December 2014). For the last six months of FY15 (January 2015 – June 2015), Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and

collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- The registration area would see an impact because including all services as a taxable product would greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
 - FY12 - No impact
 - FY13 - No impact
 - FY14 - Based on the presumption of doubling the number of businesses, for registration, contacts, collection effort –CATA will need an additional 88 temporary employees (CATA's FY09 sales use tax and registration FTE impact was 44) Training will begin in October of 2013.
 - FY15 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income, withholding and corporate tax accounts (this reduction will not be seen in this analysis as the period of the fiscal note ends in 2014).

Sales, Excise and Business Tax:

- The following impact is based upon the assumption that the workload for sales and use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., Business tax will need an additional 97 temporary employees for sales and use tax.
- The department assumes that although the new sales tax would go into effect January 1, 2014, current staff responsible for corporate tax, withholding tax and personal tax will not be available for reallocation until the last half of FY15, and even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 – No impact
 - FY 14 – Business tax will need 97 temporary employees. Training will begin in October of 2014. These would be temporary employees however, since they will be employed for nine months, benefits will be provided.
 - FY 15 – For the first half of the year Business tax will need the 97 temporary employees and for the second half Business tax will need 73 temporary employees. The reduction for the second half of FY15 is based upon the assumption that 25% of the permanent staff will now be available for reallocation – Rather than hire new temporary staff, which would require training the new staff; it would be more beneficial to retain the temporary employees. The employees would then be eligible for benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Corporate/Withholding Tax:

- For FY 12 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 13 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 14 – Corporate/Withholding tax will retain 100% of existing staff to continue the processing and collection duties of withholding and corporate tax.
- For FY 15 – Corporate/Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) and 79% of existing staff in the Corporate Tax Section (19 out of 24 FTE) to continue the processing and collection duties of withholding and corporate tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in business tax area on a one-to-one basis.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. To conduct double that amount (4,700 sales and use tax audits), it would be necessary to double audit enforcement staff, including additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions would increase Field Compliance to 320 positions and a payroll of approximately \$14.0 million.
- Each additional employee would have start up costs which would include a new computer, file cabinet, desk, chair, side chair, calculator, and on-going supplies. The approximate cost for 160 new employees would be \$454,080. The travel and operating budget could potentially double by moving the budget from \$400,000 to potentially \$800,000. This would bring the approximate Expense and Equipment cost to approximately \$1.2 million.
- The department would need to expand and possibly move each in-state and out of state audit office facility to accommodate the increase in personnel. The estimated cost double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal:

- For FY12 – No impact
- For FY13 – No impact
- For FY14 – Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

Prebate:

Because the prebate will be provided by subsequent legislation, the department cannot determine what resources will be required with any certainty. But additional resources above those already identified will be required.

Comments:

- Eliminating the income tax would not “eliminate” the filing of returns. Individual income tax filers will file their 2013 calendar year returns after January 1, 2014. Individuals and businesses would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2014.
- The department is not clear of the impact of Section 1(c)(1) . It appears this section would not apply since the legislation repeals individual income tax in Section 1(b)(1) and Section 1(a)(1) prevents any new individual income taxes from being enacted.
- The department is not clear of the impact of Section 1(c)(2) . It appears this section would not apply as it repeals individual income tax in Section 1(b)(1) and Section 1(a)(1) prevents any new individual income taxes from being enacted.
- The department is not clear of the impact of Section 1(c)(3). It appears this section would not apply as it repeals individual income tax in Section 1(b)(1) and Section 1(a)(1) prevents any new individual income taxes from being enacted.
- The department is not clear whether the state would have the authority to require sellers to collect this tax. The legislation does not have similar language to current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does. Changing the collecting and remitting responsibility from sellers to purchasers would dramatically reduce the percentage of tax that the Department is able to collect.
- The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state’s rights with respect to such taxes. The amendment is unclear as to whether such provisions are eliminated. If they are, that would mean that the state cannot assess, audit, or refund.
- No empirical basis appears to exist for setting the state sales tax rate at 4, 5 1/2 or 7 percent and assuming that rate will generate the revenue that income-and asset-based taxes currently generate for general revenue.
- The department is unclear of the impact to taxes or refunds due, but not yet paid. Instead of repealing the laws on January 1, 2014, the department would recommend changing language to say: “For tax years beginning on or after January 1, 2014...” Also, the existing laws should remain in place in order to wrap up all old business.
- The proposal prevents any tax credit from being issued after December 31, 2013 and prevents any tax credit redemptions after June 30, 2016. This would impact many individuals who have credits that can be carried forward beyond FY2016.

- Without further action by the general assembly, most local taxing jurisdiction's sales taxes could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.
- There is no provision provided in this petition which allows for rate adjustments.
- This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission. In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petitions do not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim an exemption, but would not be responsible for actually proving it was entitled to it.

The following are observations made by the department regarding the various exemptions:

- (1) Sales of personal property, which were transferred in a taxable transaction in another state before being brought into Missouri, are not exempt.
- (3) "Other similar intangible personal property held for investment purposes" is vague and will generate litigation.
- (4) Exempts sales of real property, but not rentals or leases of real property.
- (8) The terms "agricultural trade" and "agricultural business purposes" are vague and will generate litigation.
- (10) Exemption is broader than just purchases of healthcare items and services. It also includes any item purchased by a doctor or hospital for the benefit of any of its patients.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if adopted by the voters, will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated the proposed initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals, with various exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1 (d) of both proposals would appear to leave intact such sales tax. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. Consequently, it appears that both proposals would have an impact on department funds, but it is unknown at this time whether the proposals would result in an increase or decrease of funds.

Officials from the **Department of Transportation** indicated the total estimated reduction in revenue on all state funds will be \$136 million for 2014, \$290 million for 2015, and \$298 million for 2016. Funds affected include the Road Fund, the Road Bond Fund, and the Transportation Fund. The total estimated reduction in revenue on all local funds will be \$18 million for 2014, \$31 million for 2015, and \$31 million for 2016.

This IP makes several changes to Missouri's current state taxation laws. The IP will have a significant negative impact to MoDOT. MoDOT's aviation jet fuel sales and motor fuel tax revenues would remain the same and would remain frozen at their current rates. MoDOT would lose a significant portion of its state revenue stream from the redirection of motor vehicle sales taxes to the General Revenue Fund.

The loss of revenue from motor vehicle sales and use taxes would also impact cities and counties as they receive a portion of the motor vehicle sales and use tax revenue stream.

The department also has concerns that the Missouri Highways and Transportation Commission would likely face a downgrade of its rating as it relates to its \$3.3 billion of outstanding State Road Bonds due to such a significant change in revenue for the department.

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the division should it be approved by the voters.

They made the following comments:

To replace foregone revenues the General Assembly shall enact a law imposing a sales tax not to exceed 7%. Revenues from this sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Prop. C), which shall be held harmless.
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit.
3. An unspecified rebate program for low income families. Because no details of the program are given in the proposal, Budget and Planning (BAP) cannot determine

the potential cost. Further, the spending program would be subject to appropriation, the uncertainty of which could negatively influence consumer behavior.

BAP notes the possibility exists that the General Assembly is unable to enact a new sales tax law by January 1, 2014. In this case, given the repeal of the other major taxes listed above, the state would be left with very little revenue.

Because the existing sales tax law is repealed, many if not most of the existing sales taxes for numerous political subdivisions, including counties, cities, public safety districts, transportation development districts, and others are potentially nullified. The proposal does not specify a direct mechanism to replace the sales tax base or local revenues, although this could be addressed when the General Assembly enacts the new sales tax law required in Section 1(e). The DOR reports collections of \$2.298B in local sales tax revenues in FY 2010.

Calculating a Sales Tax Rate

The proposal calls for a 7% sales tax rate on a newly defined sales tax base. However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access. Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate.² Estimates from other groups, such as the Institute for Taxation and Economic Policy (ITEP) also suggest something greater than 11%.³

Estimating the Consumption Base

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US Department of Commerce Bureau of Economic Analysis (BEA's) national income and product account (NIPA) tables as reported by the BEA in December 2010,⁴ excluding items that are non-taxable under federal law or under the proposal. Also, BAP notes that the proposal's exemption for individual healthcare expenditures is broad and undefined until such time as the legislature defines it, so the actual health care exemption may be much different than the figure estimated below. Finally, BAP estimates the loss due to explicit avoidance activities, such as Internet purchases, traveling across state lines, or the purchase of used goods, as 10%; this figure is entirely arbitrary. Missouri expenditures are assumed to be 1.77% of national expenditures, based on Missouri portion of personal income in 2009 as reported by the BEA in December 2010.⁵ BAP estimates the consumption base to be

² http://www.showmeinstitute.org/docLib/20101215_income_taxes.pdf

³ <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

⁴ <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>

⁵ <http://www.bea.gov/regional/spi/drill.cfm>

\$89.719B as in Table 1. At the 7% rate codified in the proposal, this would generate a little over \$6.28B in revenues. However, if the General Assembly enacts a sales tax rate less than 7%, revenues would be reduced accordingly.

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal increases prices, via a new sales tax, for many products and services. These include but are not limited to food for home consumption, domestic utilities and telecommunications, rents, daycare providers, consumer legal and financial services, realty services, repair services, and personal care services.
- According to US Census Bureau data, roughly two-thirds of Missouri's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families. This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$4.46 billion in state and local income taxes were deducted in tax year 2008.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535.00.html>

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,001.3
Net Used Motor Vehicles	2.4.5; 06	(104.1)
Motor Fuel	2.4.5; 36	(280.8)
Higher Education	2.4.5: 101	(145.5)
PK-12 Education	2.4.5: 102	(39.7)
Vocational Education	2.4.5: 103	(37.5)
Insurance Premiums	2.4.5: 90	(308.6)
Individual Healthcare	2.4.5: 60	(1,623.2)
Food Stamps (not taxable under federal law)	3.12: 021	(54.6)
Free checking & other financial services	2.4.5: 088	(271.2)
Rental Value of owner-occupied housing	2.4.5: 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5: 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5: 064	(45.1)
Foreign travel by US citizens	2.4.5: 109	(105.4)
Foreign travel into US	2.4.5: 110	124.5
US taxable base		5,639.3
MO share 1.77%:		99.816
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Assume 10% loss for avoidance, purchases of other used goods		(9.982)
Taxable Base		89.719
Revenues At 7% Rate		6,280,330,000

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. Finally, the table includes the replacement of existing motor vehicle sales taxes, which are currently dedicated to highway usage but which would have to be replaced in order to hold those funds harmless.

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of nearly \$1.02B when compared to revenue collections in FY 2010, the second year of revenues severely depressed by the national recession. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Further, this calculation does not take into account any spending needed to administer the rebate program described in section 1(i). To offset each additional \$897 million in spending, the sales tax rate would have to be raised 1%, according to the sales tax base calculated above.

Finally, this calculation does not take into account the potential need to replace \$2.298B in local sales tax revenues. An additional sales tax of 2.561% would be necessary.

⁷ Revenues are as reported in the DOR Annual Financial Reports, and the SAMII Data Warehouse.

Table 2.

Sources by Fiscal Year	2010
Individual Taxes	5,495,341,696
Individual Refunds	(1,050,238,448)
Property Tax Credit Refunds	(118,594,589)
Corporate Income Taxes	408,935,797
Corporate Income Refunds	(214,417,694)
GR Sales and Use Taxes	1,790,181,504
Sales Tax Refunds	(59,962,469)
SDTF General Taxes	704,439,710
SDTF Vehicle Taxes	28,304,001
Motor Vehicles Sales Taxes	193,298,505
Total	7,177,288,012
Circuit Breaker Replacement Program	118,594,589
Revenues to Be Replaced	7,295,882,601
Needed Rate:	8.132%

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2011.

FY 2011 General Revenue Budget (\$M)	
Foundation Formula	2,342
K-12 Transportation	84
Higher Ed Institutions	797
Scholarships	81
State Employee Health Care Plan	260
DMH/DHSS Community Programs	492
Medicaid	1,536
Corrections	593
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	348

Other Impacts

BAP indicated this proposal eliminates all of the tax credit incentive programs in the state. The proposal prohibits the issuance of income tax credits after 12/31/13, and prohibits the redemption of previously issued tax credits after 6/30/16. This would persuade current holders of tax credits who would have otherwise redeemed their credits

after 6/30/16 to claim redemptions in an earlier fiscal year. BAP believes this would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system that is already inadequately funded by the 7% sales tax. Additionally, the state could not honor existing agreements for “streaming” tax credits authorized to be issued after 2013, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection and the complicated sales tax rebate system, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. BAP notes that this proposal directs all sales taxes to the general fund. Thus, this would supersede existing provisions in Article IV, Sec 30(b), which direct MV sales taxes to highway functions. While the sales tax rate on new vehicles would increase, the rate would be zero on used vehicles. This would create a strong incentive for consumers to forego purchases of new vehicles, which would further adversely impact funding for road construction and maintenance. MODOT can provide a fuller discussion of such issues.

Other proposals

BAP indicated this response related to initiative petition 11-15.

BAP said the initiative petition requests 11-16 through 11-23 are similar in nature to 11-15, with variances in the technical aspects of the bills. These changes would alter the calculations above to some degree, but the main conclusions remain the same.

All proposals except 11-15 repeal only taxes on individual earnings, leaving corporate taxes intact.

Proposal 11-21 repeals the corporate franchise tax.

Proposal 11-22 provides a phased-in change to the tax system in two increments, while proposal 11-23 provides three increments.

Regarding education exemptions, proposal 11-16 does not exempt higher education, while proposal 11-17 exempts only higher education.

Proposal 11-18 omits the phrase “as provided by law” from the healthcare exemption.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from **Rockwood R-VI School District** indicated the district does not anticipate any increase in cost or savings as a result of this initiative.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition will have an unknown fiscal impact on their college.

Officials from the **State Tax Commission** indicated this proposed petition will not have a fiscal impact on their agency.

James R. Moody provided information as an opponent of this initiative petition.

Mr. Moody said he was retained by Missourians Against Higher Sales Taxes to provide a fiscal analysis of the proposed constitutional amendments that the State Auditor received regarding repealing the state income tax and other taxes and replacing them with a greatly expanded consumption tax.

Because the proponents have submitted nine separate petitions that are similar in most aspects, he said he is submitting this information as a single letter that is identical in addressing each of the nine petitions.

He said he will begin the analysis with some words of caution for the State Auditor, and suggestions for the questions that should be asked in every phase of the analysis. He said he believes that a sound analysis by the State Auditor's office will reach the conclusion that he has reached—that is, all of these petitions are fiscally untenable. They will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.

Part 1—Background and Overview

Beware Baiting and Switching

He provided the following overall comments:

As will be explained in the analysis below, proponents of the increased consumption tax have been using calculations that are simply wrong on their face. They have all calculated a rate that is too low in determining the real consumption tax rate, primarily because they have overstated the taxable base subject to the increased consumption tax.

As the current proponents who submitted the initiative petitions have recognized that their assumed tax base has been too high, the proponents have recently began to put exemptions from the increased consumption tax into their proposals. This is either because the items cannot be taxed under federal law, or they view that their taxation would be electorally unpopular. The simple math is that exemptions from taxation lower the taxable base. The more tax exemptions assumed, the lower the tax base, and the higher the tax rate has to be. If the goal truly is to do this new tax in a way that replaces existing taxes, the higher tax rate has major ramifications to those taxed, particularly the lower and middle income classes.

The proponents deal with this phenomenon by either capping the tax rate at 7% (whether or not that generates adequate tax revenue to replace current tax revenues), and/or suggesting a “prebate”, although none of the proposals provide any funding for it.

The proponents would leave you to believe that you can have a reduced tax base, a relatively low and capped tax rate, and a prebate fully funded. That notion, however, is a pure fantasy, and a basic “bait and switch” tactic. The “bait and switch” would attempt

to make you believe that these three components are not absolutely inter-related. The 7% cap is a gimmick to get around the significant problems with these initiative petitions.

Things To Consider In Developing The Fiscal Statement

He suggested the following items be considered as key aspects in the fiscal analysis:

- What goods and services are taxed;
- What is the rate applied to those goods and services that are taxed;
- Is there a “prebate”, and if so how much is it and who gets it;
- If the prebate is not given to every citizen, does the structure create “tax cliffs” and disadvantage the middle class;
- What exemptions are granted from the increased consumption tax;
- What happens if the calculations are wrong, both in the short term and the longer term?

He said as this work discusses the history of this proposal and the various attempts by consumption tax advocates at quantifying the fiscal impact in the past, please note that there are a number of significant variances between: 1) past legislative proposals to submit the expanded consumption tax to a vote of the people, and 2) what is contained in the initiative petitions that have been submitted to the Secretary of State. These include:

- Past proposals have envisioned the replacement of the individual income tax, the corporate income and franchise taxes, and the existing sales tax to be essentially revenue neutral. In the legislative proposals, there was a commission established to review the adequacy of the 5.11% calculation (he said his analysis will show that rate was inadequate) and to reset the rate if necessary. The proposed initiatives cap the consumption tax at 7%, which is inadequate to replace the foregone revenues and provide funding for a prebate. The proposed initiatives do not pretend to be revenue neutral, nor to provide for any recalculation of the rate.
- The FairTax Book and the proponents of an expanded consumption tax have in the past called for a “prebate” (discuss below) to protect the poor and the middle class from this extremely regressive tax structure. While the initiatives call for the General Assembly to establish a prebate by law, there is no money set aside for this prebate with the 7% cap on the increased consumption tax. According to the Show-Me Institute, the prebate will cost at least \$2 billion.
- Article X, Section 18(e) calls for a vote of the people to raise taxes by more than approximately \$90 million. Therefore, to fund the prebate (if not funded by the current initiatives) would require the passage of a constitutional amendment by a statewide vote of the people to increase the consumption tax by about 3%. If any of the initiatives submitted through these proposals is adopted by the voters, since there is no possible way to fund a prebate without another constitutional amendment, the tax burden will fall disproportionately on the lower-income and middle class population of the state.
- The legislative bills previously introduced called for an undefined exclusion from the consumption tax on services of “business to business transactions”. The initiative petitions contain no such exclusions, which means that all services will be subject to the

expanded consumption tax. These proposals would tax the services of lawyers, doctors, accountants, architects, consultants, advertising agencies, and interior designers at the greater than 12% rate (explained below), as well as also taxing rents, food, utilities, telecommunications, print and video advertising, day care, beauty care and other similar services.

- Because Missouri borders eight other states, those providing services or consuming services will simply move across the border, or go across the border to sell or purchase goods or services that they desire to consume at a lower tax rate. No fiscal impact statement can be complete without including an estimate of these adverse impacts. Rather than create some great economic movement in Missouri, the passage of any of these initiative petitions will out-migrate Missouri talent providing services and shift Missouri purchases to other states.
- A Show-Me Institute study shows that the increased economic activity generated by having a consumption tax instead of income taxes would take a generation to occur (if it does), and in the shorter term may result in a loss of economic activity.

He said in order to assist the analysis, he will provide his view of the “prebate” concept from the FairTax Book, discuss prior efforts at broadening the consumption tax that have been introduced in the Missouri General Assembly, and the calculation errors that existed in prior calculations by the proponents.

The Importance of the Prebate to the Consumption Tax Discussion

It is generally recognized that sales taxes tend to be regressive—that is, they place more of the relative tax burden on those at the lower and middle-income level, who spend a higher percentage of their income on items that are subject to sales tax.

A consumption tax that broadens the definition of the goods and services that are subject to a sales tax arguably is even more regressive, as the broadened base would include areas where poor and middle-class families and individuals spend most of their money. Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care. Low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax.

In response to the concern that an expanded consumption tax is regressive, the authors of the FairTax Book, Neil Boortz and John Linder, developed the concept of a payment received by all citizens to alleviate the regressive nature of the expanded consumption tax. This payment, which would be made at the beginning of each month, is called a “prebate”.

The prebate is important to this discussion for two reasons. The first is that the expanded consumption tax is incredibly regressive without this payment. The second is that the prebate adds to the cost of this proposal dramatically if it in fact is paid to all citizens and accounted for in the fiscal analysis. The FairTax Book envisioned that the prebate

would be given to every citizen; the Joseph Haslag/Abhi Sivasailam calculation of the prebate referenced herein assumed the same.

He said please note that while he disagrees with Ms. Wahby's calculation, as outlined below, she also did attempt to take the prebate into consideration in her calculation.

Boortz/Linder on the Prebate

He said while he understands the potentially devastating effects of an increased consumption tax on the poor, the lower income class and middle class working people, the concept of the necessity of a prebate (upfront monthly payment to all citizens to offset the impact on lower and middle income citizens) to address that problem was contained in the original The FairTax Book, authored by Neil Boortz and John Linder.

Here are some excerpts discussing the prebate from the FairTax Book:

"The folks who wrote the FairTax plan knew that burdening the poor with a 23 percent retail sales tax would doom the plan from the outset...its creators ensured that no one should ever have to pay the sales tax on the basic necessities of life. That's why the prebate—the monthly check on all basic household necessities—was invented.

The size of the monthly prebate payment will be based on the government's published poverty levels for various-sized households. The number is updated every year to keep up with inflation, so the work of calculating the size of the prebate is already done. Here's an example of how the prebate payments would work in 2005.

Let's say your household consists of a married couple with two children. The FairTax Act sets forth a formula for computing the poverty level, based on government figures, which negates any marriage penalty. Under the FairTax Act, in 2005 your household would be granted an annual consumption allowance of \$25,660. This is the amount the government estimates you would spend during that one year to buy the necessities of life for your family. The sales tax on this amount would equal \$5,902. The government would rebate this amount to you in twelve equal monthly installments of just under \$492.

Now, it's clear that low-income Americans will be better off, much better off, under the Fair Tax Plan. They would have their income and payroll taxes abolished; they would receive their whole paycheck with no federal withholding; they would have the 22 percent tax costs that are currently embedded in everything they buy eliminated; and they would receive a payment each month to guarantee they could spend all of their money up to the poverty level and not lose one penny to taxes. Wow....

Now... bear in mind, the prebate isn't just for the poor. It's paid to everyone, rich and poor alike. The purpose here is to make sure that no American has to pay the FairTax on the basic necessities of life. Unlike the present income tax system, the FairTax treats each and every person in this country exactly the same."

Part 2--Prior Legislation and Consumption Tax Calculations

2009 Legislative Session—HJR 36 filed by Representative Ed Emery

House Joint Resolution 36 was introduced in the 2009 General Assembly by Representative Ed Emery. HJR 36 would have repealed the Missouri individual income tax, the corporate income tax, the corporate franchise tax, the bank franchise tax, and all existing state sales and use taxes, and would have replaced them with a broadened tax upon “all sales, use, or consumption of all new tangible personal property, rental property, or taxable services”.

Under HJR 36, the rate of the tax is set at 5.11%. In the fiscal note, the Oversight Division notes that “Officials from the University of Missouri, Economic and Policy Analysis and Research Center (EPARC) assumed a previous version of the proposal would if enacted...taxes would be replaced with a state sales tax rate of 5.11%.”

Upon reading the fiscal note, it would appear to the uninformed reader that someone in Missouri actually did a calculation that verified the 5.11% as a correct number for replacing these taxes. Further investigation tells us that was not in fact the case, and that the 5.11% was not adequate to replace all of the repealed taxes.

The 5.11% is a calculation prepared by Karen Wahby of Americans for Fair Taxation, based upon a prior study of the Fair Tax by the Beacon Hill Institute at Suffolk University in Suffolk, Massachusetts. (A copy of her original calculations attached). Her calculation to reach the 5.11% is as follows:

	(in millions)
Private Consumption	\$168,862
Federal Government Consumption	\$16,285
State Government Consumption	\$17,174
Total Consumption	\$202,321
less Prebate base (poverty level spending)	-\$42,931
plus nontaxable government spending adjustment	\$3,799
Total Mo Fair Tax Base	\$163,189
Fair Tax Base Excluding govt consumption (Line 2)	\$146,904
Revenues to be replaced	\$7,142
<u>Tax Rates</u>	
Rate to replace revenues in line 11	4.58%
Rate to replace revenues in Line 11 excluding federal government consumption	5.11%

He said there are a number of problems with this calculation. Since this calculation was performed in January 2009, it is assumed that Ms. Wahby was utilizing the most recent revenues from Fiscal Year 2008 as the replacement number. However, the actual revenues that would need to be replaced are:

	<u>Net Rcpts</u> <u>FY2008</u> (in millions)
Individual Income tax	\$5,210
Sales tax (general revenue)	\$1,931
Sales tax (1.225% non GR)	\$955
Corporate income and franchise taxes	\$459
Total	\$8,555

In essence when Ms. Wahby solved for the FairTax rate at 5.11% she solved for the wrong revenue number. She only solved for \$7.142 billion when she should have solved for \$8.555 billion. He said please note that his numbers include the 1/8% conservation tax and the 1/10% park and soils sales tax. The Wahby calculation also does not take into account that there are items in the consumption base that cannot be taxed.

He said hence there was never a basis for the legislation that would have set the proposed consumption tax rate at 5.11%. It was an incorrect calculation that was validated in the fiscal note; the fiscal note was simply incorrect, and the 5.11% proposed rate was dramatically too low.

He said even though this calculation was simply wrong, it has become institutionalized in legislative proposals, including a bill recently introduced in the 2011 legislative session.

What Does The Prebate Cost?--The Show Me Institute Calculation of the Prebate

There have been varying estimates of the cost of the prebate in Missouri. The Missouri Budget Project calculated that the cost of the prebate would exceed \$3 billion. For the purpose of his analysis he said he will utilize the estimates of the prebate cost that were developed by Joseph Haslag and Abhi Sivasaliyam in a paper published by the Show-Me Institute on October 13, 2009 that was written in rebuttal of the \$3 billion calculation by the Missouri Budget Project.

Here is the calculation outlined in the paper by Haslag and Sivasaliyam:

“We estimate the number of families qualified for the rebate to be 2,626,800—the number of resident filers for Missouri’s individual income tax, as of 2007. Dividing Missouri’s population by the number of resident filers yields an average family size of 2.2. The federal poverty threshold approximation associated with a family of 2.2 is \$15,393, which—when multiplied by the sales tax rate—amounts to an average rebate

value of \$786.58. Multiplying the rebate value by the number of rebates, we estimate the total cost of the rebate to be \$2,066,167,540.”

This paper also stated that, utilizing this prebate figure, the consumption tax would be 5.79%, as noted in further discussion below.

He provided comments on the prebate at this level:

- Exemptions from the taxable base raise the required tax rate. If the 5.79% rate goes higher due to exemptions from the tax base, the prebate rate needs to be higher. As the tax burden increases (due to exemptions), the payment to offset the impact of the increased tax rate also needs to increase, or lower income and middle-income citizens are disproportionately impacted.
- This prebate calculation by Haslag and Sivasailam does not address any local sales taxes. The proposed constitutional amendment requires local sales taxes to be adjusted to tax the same things as the increased consumption tax, and to adjust their rates accordingly. So the poor and working lower and middle class income citizens would have no prebate to offset the broadened base for local taxes.

The 2010 Legislative Session—HJR 56, HJR 71, SJR 29, SJR 36

In the 2010 General Assembly there were a number of bills similar to HJR 36 from the 2009 session that were introduced that called for an expanded consumption tax. These measures included HJR 56, introduced by Representative Ed Emery; HJR 71, introduced by Representative Andrew Koenig; SJR 29, introduced by Senator Chuck Purgason; and SJR 37, introduced by Senator Luann Ridgeway.

He said all of these measures continued to reference a tax rate of 5.11%, even though this number was clearly in error since its inception in the Karen Wahby calculation.

He said for the first time, one of the fiscal notes references the possibility that 5.11% is an incorrect number. The fiscal note states,

“..data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents and investment is difficult to access. What little literature is available on this subject suggests this rate is likely too low. For instance, the Show-Me Institute has calculated the rate to be 5.79%. Estimates from other groups, such as the Institute for Taxation and Economic Policy, range higher, as much as 12% or more. Assuming a 5.79% rate is correct, this proposal would be short of revenue neutrality by nearly 11.74%. Estimating lost individual income, sales tax, and corporate revenues at a very high \$7.1 B, this leads to a revenue shortfall of \$834 M.”

The Show-Me Institute’s 5.79% Calculation

The calculation of the consumption tax rate at 5.79% comes from a paper dated October 13, 2009 that was published by the Show-Me Institute. The paper was written by Joseph Haslag and Abhi Sivasailam.

Here is their calculation of the 5.79% rate. The paper states:

“The sum of the new government revenue necessary to replace the individual income, corporate income, and sales taxes is \$7,117,761,408 in fiscal 2009, according to the Department of Revenue. Further, the cost of the rebate program is \$2,066,167,540. Dividing this by personal consumption of \$158,531,333,333, we arrive at a revenue-neutral sales tax rate of 5.79 percent”.

Please note that the \$7,117,761,408 only accounts for the 3% general fund sales, and not the additional 1.225% that goes into earmarked funds.

He said the other major assumption is that the \$158 billion in personal consumption will all be subject to the increased consumption tax to make the rate 5.79%. Clearly there are items in the \$158 billion, as noted blow, that cannot be taxed.

Response by the Institute on Taxation and Economic Policy

In analyzing and critiquing the 5.79% calculation, the Institute on Taxation and Economic Policy (ITEP) notes that the personal consumption number of \$158 billion includes many expenditures that are either exempt from the increased consumption tax under the proposal (expenditures for higher education, for example) and other expenditures that arguably cannot be taxed under federal law (health care spending by the government, rental value of owner occupied housing, food stamps, spending by charities on behalf of individuals, interstate transportation, foreign travel).

This leads to the central question noted earlier in determining what is the correct consumption tax rate: 1) what is the base to be taxed, 2) what is the prebate, and 3) what is exempt from the consumption tax?

These are all factors that are necessary to determine what the correct tax rate is.

The United For Missouri Calculations

One of the proponents of the initiative petitions that have been filed is a group called United for Missouri, which is headed by former State Representative Carl Bearden. In a PowerPoint presented at the Associated Industries of Missouri (AIM) conference in the fall of 2010, Carl Bearden of United for Missouri showed a calculation of an increased consumption tax that would be capped at 7%.

The assumptions made by Bearden in his calculation are similar to many of the assumptions contained in the initiative petitions, and include:

- A rate capped at 7%.
- In order to replace the 3% general fund sales tax and the 1% Proposition C sales tax, the rate would have to be 6.75%.
- The 6.75% does not account for the 1/8 cent conservation sales tax, or the 1/10

- park and soils sales tax; an additional .15% sales tax is required to replace them.
- This brings the rate to 6.9% (assuming their calculations are correct, which he said he is not conceding). The cap is 7% and the 6.9%, if correct, leaves virtually no funding for the prebate. So while the Bearden presentation calls for a prebate, he has already utilized all of the new consumption tax to replace current state revenues.
- If the Bearden calculation is incorrect, there is no review allowed or required to re-establish the rate. The state simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.

The Bearden calculation is as follows:

Missouri Personal Consumption Expenditures. \$166 Billion

- ✓ Less imputed rents \$19.9B
- ✓ Less health care paid by government \$15.1B
- ✓ Less insurance and imputed financial services \$5.5B
- ✓ Less motor vehicles \$4.7B
- ✓ Less motor fuels \$6.3B
- ✓ Less education (K-12, higher ed, vocational) \$3.1B
- ✓ Less non-profit and religious services \$6.9B
- ✓ Less purchases of new homes \$6.9B
- ✓ Less misc other adjustments \$3.4B

Estimated Tax Base \$107.7 Billion

The tax base Bearden assumes above, and a 6.75% tax rate, creates tax receipts of \$7.27 billion.

The Bearden calculation also does not account for this major exemption listed in the initiative petitions:

- Healthcare services paid for by non-governmental entities for individuals, which are specifically excluded from taxation by these initiative petitions;

Please note that the Bearden calculation excludes only government-sponsored health care payments (Medicare and Medicaid), while the initiative petitions exclude all healthcare expenditures from the increased consumption tax, which is a huge difference.

According to the Missouri Tax Expenditure Report for 2009 (available on the Office of Administration, Division of Budget and Planning website) prepared by the Economic and Policy Analysis Research Center at the University of Missouri-Columbia, the *foregone state tax revenues (at 3%)* of not taxing healthcare, prescription drugs, and non-prescription drugs is:

Medical Care	\$994.0 million
Prescription Drugs	\$184.9 million
Non-Prescription Drugs	\$ 22.7 million

The initiative petitions also do not define a healthcare expenditure for an individual, which is a huge potential loophole. Are non-prescription drugs a healthcare expenditure? The same question would apply to therapeutic massage therapy, weight loss expenditures for services not delivered by a licensed medical practitioner, and residential expenditures for elderly care in an assisted living facility.

In any case, the Bearden calculation, which if correct required a tax rate of 6.75% to replace current revenues, did not exempt health care expenditures from the taxable base. At a 3% tax rate, this new exemption would cost about \$1.2 billion in state tax revenues, and the proposed increased consumption tax rate is over double the current tax rate.

He said this healthcare exemption clearly leaves the state dramatically short of replacing existing tax revenues, and the other remaining problem is that there is no funding available for a prebate under the initiative petitions.

Part 3—Other Problems With The Proposed Initiative Petitions

Gaming Revenues

He said neither the nine initiative petitions nor the Bearden calculation excludes gaming revenues from the taxable base. Gaming revenues are currently taxed at a rate of 21% of the gaming company's adjusted gross receipts; imposing an additional sales tax of more than 12% on the revenues from these operations would make their tax rate nearly one-third of their adjusted gross receipts.

In addition, gaming companies pay a fee of \$2.00 per every two hours for patrons utilizing their services. These fees would also be subject to the additional consumption tax.

The base for the increased consumption tax calculation should either exclude the gaming taxes from the increased consumption tax, or the fiscal note should reflect that gaming companies will be double taxed.

Local Franchise Agreements/Taxing Internet Services

Many telecommunications and video service providers currently operate in local communities through agreements that call for franchise fees. The increased consumption tax called for by these initiative petitions repeals all current sales tax exemptions, and also requires local governments to recalculate their local sales tax rates to comply with the new Missouri Constitution defined consumption tax. He said when this occurs, any

business collecting and paying taxes through a local franchise fee or a similar tax characterized as a local use tax will have to layer on top of that the dramatically higher consumption tax.

Taxation of internet services are specifically prohibited by federal law. While the initiative petitions exempt from taxation those items exempted from taxation by federal law, it is unclear whether the petition advocates understood that these specific services are exempt and must be removed from the calculation.

Tax Credits

He said the proponents' proposals on tax credits are very confusing. They propose to bar the authorization or issuance of any tax credits that would be taken against any tax repealed by section 1(a) or 1 (b) of the initiative. The state income tax and corporate income tax are repealed by section 1(b).

The petitions further state that after June 30, 2016, no tax credits approved or redeemed against taxes repealed under section 1(a) or 1(b).

This second section would appear to allow credits to be taken against these taxes until June 30, 2016, even though the taxes against which they may be taken are repealed on December 31, 2013, and therefore there would be no tax liability against which to take them.

The Low Income Housing Tax Credit is a 10% credit taken over 10 years, and the project must be completed before the developer can begin receiving the credit. There are 10-year low-income housing tax credits already approved, within the current year and future years, where the project will be completed (thereby vesting and earning the credits) that will exceed both of these dates. He said apparently the intent of this proposal is to take those tax credits away from their owners without compensation.

When considering only low-income housing tax credits that are earned and vested by January 1, 2014, tax credit investors alone will lose in the hundreds of millions of dollars without compensation.

He said it is questionable whether the courts would allow this to happen. However, if the investors are paid by the state or allowed a credit against the consumption tax liability owed by a taxpayer, the initiative petitions run into the same problem as with other items discussed. All funds will have already been committed to other uses, and there will not be adequate funds to pay for these liabilities.

He said if funds are spent on tax credits after the passage of any of the initiative petitions, they take away from the available funds to replace current taxes, which are already inadequate to allow current state services to continue, as the analysis has shown.

Part 4—The “Economic Engine” Myth

He said proponents of the increased consumption tax laud the fact that replacing income taxes with consumption taxes will energize enormous economic growth. He suggested more research is needed, and in particular reference a publication by proponents of the increased consumption tax.

He suggested reading an article for the Show-Me Institute dated December 15, 2010 entitled Income Taxes vs. Sales Taxes: A Welfare Comparisons, written by Grant Casteel and Joseph Haslag.

Among the excerpts from the article he pointed out the following quotes:

“However, we also show that if people value current consumption enough relative to future consumption, they prefer the income tax regime to the sales tax regime.”

“When a sales tax policy is implemented, consumer spending declines.”

“After about a generation’s worth of time, people are happier under the sales tax policy than under the income tax policy.”

He said even by the proponents’ own statements, the short term impact of an increased consumption tax is that consumer spending declines, which will make tax revenues decline.

Part 5—What Is The Real Fiscal Impact Of These Proposals

What Is The Correct Calculation

He said the analysis shows that there are many factors that will impact the rate of the increased consumption tax if passed by the voters. Please note that while local sales tax rates vary by city or county, the highest rates tend to be in the most populous areas, and therefore the majority of the citizens will pay at the very highest local rates.

He said the voters should know the correct tax rate before they vote on this radical and understudied concept. Here is the most reasonable calculation to use to show the proper rate if this proposal were to pass:

Tax Rate Required To Replace Current Taxes (with exemptions as provided in petitions)	9.00%
Tax Rate To Replace Conservation And Parks and Soils	.25%
Estimated Average Local Tax Rate With New Base	2.75%
Total Tax Rate For Expanded Consumption Tax (without prebate)	12.00%
Tax Rate To Provide For Prebate	3.00%
Total Tax Rate Providing for Prebate	15.00%

Suggested Ballot Language

He said he believes that all nine ballot petitions are fatally flawed. They do not generate adequate revenues to replace the current revenues they purport to replace, nor to provide for a prebate.

Although the initiative petitions call for the establishment of a prebate by law, there is no money available to fund the prebate at a number calculated by Joseph Haslag and Abhi Sivasailam (which would be too low because the tax rate will be higher than what they calculated). An additional constitutional amendment would have to be placed in front of the voters that would increase the consumption tax rate by approximately 3%.

He suggested the following fiscal note wording:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Marc H. Ellinger provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact for Initiative Petition for a constitutional amendment to Article X of the Missouri Constitution, version 9a:

Executive Summary

Ellinger indicated he has submitted nine different and unique versions of a constitutional amendment to Article X. The analysis and review of any one version cannot be used as a template or, as Mr. Moody suggests, a carbon copy review of the other versions. The taxes repealed and the period of time of such repeal is different across the various petitions. This fact alone precludes a single letter or concept analysis of the fiscal impact of any version. Moreover, the exemptions from the new tax differ in the versions, further compounding the logical failure of any analysis seeking to review all of the versions together, including Moody's letter. This proposed statement of fiscal impact addresses only Version 9a, pursuant to Section 116.175, RSMo, and 15 CSR 40-5.010 (4) (C), (D), and (E).

Summary of Version 9a

- Phases out the individual income tax beginning January 1, 2014, with the individual income tax being repealed effective January 1, 2018;
- Repeals current sales and uses taxes (January 1, 2014);
- Preserves the Parks and Soils and Conservations Sales Tax as they currently exist;
- Requires the general assembly to impose and levy a tax on sales to individuals and services provided to individuals (January 1, 2014) at a rate not to exceed 7%;
- Specifically exempts sales and services which have previously been taxed; services rendered by an employee for an employer; intangible personal property held for investment purposes; sales of real property; sales of motor fuel; tuition and fees of elementary, secondary or higher education; insurance premiums and products; property and services used for agriculture; sales or services to or for the benefit of political subdivisions, businesses or charitable organizations; sales or services for the benefit of an individual's healthcare (as provided for by law); sales made through the use of federal food stamp coupons; sales under the supplemental feeding for women, infants and children program; sales exempted from state taxation under federal programs; non-proprietary sales or services performed by political subdivisions; sales which the state is prohibited from taxing; and any other sale or service exempted by the General Assembly;
- Requires the general assembly to provide a rebate or credit to be applied to the taxable purchases by low income individuals; and

- Allows county or political subdivision to broaden the base of existing taxes, licenses, or fees, with voter approval.

Proposed Statement of Fiscal Impact for Version 9a

The total cost or savings to state or local governmental entities is unknown. Most state governmental entities estimate no costs, however, some state governmental entities may have unquantified indirect costs. It is estimated this proposal will have no costs or savings to local governmental entities.

Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero in FY 2013 and unknown in FY 2014. The net effect on state funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on state funds in FY 2014 is unknown. While the individual income tax begins to phase out in 2014, and current sales tax is repealed, the new sales tax generally replaces the lost revenue. The net effect on local funds in FY 2013 is zero as the proposed amendment's major changes do not become effective until January 1, 2014. The net effect on local funds in FY 2014 is also zero since political subdivisions are given an option to recalculate their tax rates and apply the new rate to an expanded base.

ESTIMATED NET EFFECT ON STATE FUNDS (in thousands)		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	unknown
Total Estimated Net Effect on All State Funds	\$0	unknown
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

The proposed amendment would neither establish a new program or agency nor duplicate an existing program or agency.

The proposed amendment is not a federal mandate.

No new program or agency is being created; therefore, there is no new program or agency that will have a direct fiscal impact on any political subdivision of the state.

No new physical facilities will be required by the proposed amendment.

The proposed amendment will have a positive economic impact on small businesses in FY 2014 and going forward. Small business owners and S Corporations will no longer pay state income tax. Small businesses would be exempt from paying the replacement sales tax. The proposed amendment will result in a significant positive economic impact

on small businesses, and it is likely that at least some of the cost savings will be passed onto consumers.

Response to letter from Mr. James R. Moody

It is unclear whether the letter dated January 24, 2011 is in response to this specific proposed amendment or whether it is a general response to “Fair Tax” ideas. The letter consults numerous sources that are irrelevant and immaterial to the proposed amendment. 15 CSR 40-5.010 (4)(C) requires that the proposed statement of fiscal impact “be limited to the estimated fiscal impact of the proposed measure.” The letter also makes numerous misstatements about the contents and effect of the proposed amendment. This response serves to clarify what should be considered by the Auditor’s office in preparing the fiscal statement and to clarify the substance and effect of the proposed amendment.

Moody references a number of items which can be addressed first, generally. The numbers and analyses of past legislative proposals should be disregarded. Moody’s discussion of the substance of these proposals and their fiscal impact has no bearing on the proposed amendment. The proposed amendment is significantly different than any past legislation. Moody’s discussion of these proposals is irrelevant to the fiscal impact of the proposed amendment.

Moody also presents numbers and analyses from a book titled “Fair Tax,” a study by the Show-Me Institute, and reports from the Missouri Budget Project and United for Missouri. Moody’s discussion of these studies has no bearing on the proposed amendment. None of these studies were conducted on the proposed amendment or pertain directly to the provisions of the proposed amendment (as required by 15 CSR40-5.010(4)(C), (D), and (E)). The proposed amendment is not called the “fair tax” and the ideas and opinions in any fair tax books or made concerning prior fair tax proposals are not analyses of the fiscal impact of the proposed amendment before the Auditor. The Show-Me Institute study is not a study of our proposal. As the author, Joe Haslag, has stated, the study focused on a fictional model economy and was never meant to represent any version of tax reform under consideration. The study was published on December 15, 2010 and is not an analysis of the proposals that were filed on January 14, 2011. Moody’s discussion of the substance of any proposed tax schemes from these sources and their fiscal impact is irrelevant to the fiscal impact of the proposed amendment, and therefore Moody’s comments and discussion regarding these sources should be disregarded.

With respect to Moody’s more specific points, each of which will be addressed in the order presented, Moody makes several statements about the proposed amendment which are factually inaccurate. Moody also makes several assertions of fact and offers his own fiscal analysis, yet none of the assertions or any evidence or authority supports the numbers offered by Moody. Finally, much of the evidence actually tends to disprove the statements made by Moody.

Moody claims that the petitions “will either bankrupt the state, or in the alternative, bankrupt the poor and the working lower and middle income classes.” The proposed amendment will neither bankrupt the state nor the poor. Examples of other states with no income taxes demonstrate the feasibility of the proposed amendment. *See* Appendix A. With respect to the cost of any “prebate,” Moody turns to a number of sources that are irrelevant to the proposed amendment, as discussed above. The proposed amendment requires the General Assembly to provide “a rebate or credit to be applied to the taxable purchase by low income individuals, as defined by the general assembly.” Version 9a, Section 1(j). The low income rebate or credit is mandated by the proposed amendment. While the size and scope of such a rebate or credit are subject to debate, the General Assembly is mandated to create such a system and thus protect the interests of low income individuals in Missouri. In addition, Moody claims that funding a prebate “would require the passage of a constitutional amendment” and that the “tax burden will fall disproportionately on the lower-income and middle class population of the state.” However, Moody provides no evidence of analysis to support his claims about the size of the rebate or the distribution of the taxes paid by income group relative to the proposed amendment.

Moody claims that the initiative petitions contain no exclusion for “business to business transactions.” This is factually inaccurate. The proposed amendment states that the “general assembly shall enact a law...imposing and levying a tax on all sales to individuals and on all services provided to individuals[.]” Version 9a, Section 1(f)(1). The proposed amendment also defines “Sales” as “any transfer exchange, or barter, conditional or otherwise, to an individual[.]” Version 9a, Section 1(h)(1). The proposed amendment defines “Services” as “all activities for the benefit, use or consumption of an individual[.]” Version 9a, Section 1(h)(2). Finally Section 1(g)(9) of Version 9a specifically exempts business to business transactions. That section reads, in part, “Sales or services to or for the benefit of...a business...and the sale of service is in furtherance of the purpose of...a business[.]” Moody’s statement that there is no exclusion for “business to business transactions” is simply wrong.

Moody suggests that the proposed amendment “will out-migrate Missouri talent providing services and shift Missouri purchases to other states.” While some individuals may choose to purchase goods elsewhere near the border because of lower sales taxes in neighboring states, this impact shall be offset by individuals who chose to move into the state of Missouri because of lower income taxes (0%) and lower costs of doing business (0% sales tax on business to business transactions). It is impossible to accurately estimate the net impact on individual behavior. However, the experience of other states shows that states with no income tax have experienced more rapid population growth than states with an income tax. There is no evidence that a broad consumption tax leads to an exodus of individuals from a state. *See* Appendix B.

Moody makes the claim that “it is generally recognized that sales taxes tend to be regressive” but provides no authority for such claim, nor does he provide any authority or evidence that the tax under the proposed amendment would “tend to be regressive.”

Moody alleges that low and moderate-income individuals and families spend a majority of their income on these services that would be subject to the higher consumption tax. Moody fails to recognize that under the proposed amendment, the Medicaid benefits, supplemental nutrition program benefits and a multitude of services from not-for-profit and religious organizations received by low-income individuals are all exempt from the sales tax under the proposed amendment. See, e.g., Version 9a, Section 1(g)(9)-(13), (15). Furthermore, the general assembly may choose to exempt other sales or services under Section 1(g)(16).

Moody utilizes “United for Missouri” calculations, and points out that the rate of tax estimated by United for Missouri “does not account for the 1/8 cent conservation sales tax, or the 1/10 park and soils sales tax.” He states that “an additional .15% sales tax is required to replace them.” The proposed amendment does not repeal the conservation sales tax or the parks and soils sales tax. See Version 9a, Section 1(e) (“All laws imposing sales and use taxes, and exemptions thereto...are repealed...except any taxes imposed by Article IV, Sections 43(a) and 47(a) or any taxes provided for by Article IV, Section 30(a)[.]”). Thus any calculation suggesting these taxes need to be “replaced” is inherently flawed.

Moody suggests that under the proposed amendment “[t]he State simply has to live with what they collect at that rate, even if it falls dramatically short of current collections.” However, as the fiscal analysis of the proposed amendment above demonstrates, the fiscal impact in FY 2013 zero and in FY 2014 is unknown.

Moody claims that “United for Missouri’s” calculations are flawed because they do not account for “the major exemption” of healthcare services. Version 9a, Section 1(g)(10) exempts “Sales or services for the benefit of any individual’s healthcare as may be provided by law.” Therefore, healthcare services paid for by non-governmental entities for individuals are included in the tax base of the proposed amendment. Healthcare sales or services may be exempted by the General Assembly, as provided by law. Moody himself states that healthcare would be taxed on page 4 of his remarks. (*“Examples of goods and services that would be subject to the expanded consumption tax under various proposals would include rents, utilities, food, prescription drugs, health care services, and child care.”*)

Moody states that the proposed amendment does not exclude “gaming revenues” from the taxable base. Moody is correct that gaming revenues are currently taxed at a rate of 21%. Section 313.822, RSMo, provides “A tax is imposed on the adjusted gross receipts received from gambling games authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent.” The tax in the proposed amendment is not on “adjusted gross receipts” but rather, is “on all sales to individuals and on all services provided to individuals[.]” Version 9a, Section 1(f)(1). Gaming revenues and the admission fee are neither sales to individuals nor services provided to individuals and are thus not included in the taxable base under the proposed amendment.

Moody also states that the proposed amendment “requires local government to recalculate their local sales tax rates[.]” This is simply untrue. Version 9a, Section 1(k)(1) states “Effective January 1, 2014, any county or political subdivision may broaden the base of an existing tax, license or fee, only with the approval of the majority of the qualified voters[.]”

Moody suggests that the corporate income tax is repealed by the proposed amendment. This is inaccurate. The corporate income tax is not repealed by the proposed amendment. Version 9a, Section 1(c) phases out “[A]ny law...that imposes a tax...that is on or measured by the income or earnings of an individual” effective January 1, 2014.

Moody also takes issue with the tax credit provisions of the proposed amendments, stating that tax credit investors will lose hundreds of millions of dollars without compensation. Version 9a, Section 1(a)(3), provides that the general assembly shall not have the power to enact any law authorizing the issuance, approval or redemption of any tax credits to be applied to the individual income tax or sales tax except as provided in the proposed amendment. Section 1(d) provides that no tax credits shall be authorized or issued after 2013 to be applied to the individual income tax. Section 1(d) also provides that any tax credits authorized or issued prior to 2013 can be approved or redeemed (and applied to individual income tax) until June 30, 2016. Even after 2016, tax credits can be applied against other taxes, including: the corporate income tax, the franchise tax, the bank tax, the insurance premium tax, the other financial institutions tax, the express companies tax. Specifically, those with low income housing tax credits can redeem (or sell such credits to others who can redeem) such credits against the corporate franchise tax, the financial institution tax, and the insurance company premium tax. Furthermore, nothing in this measure if passed would restrict the ability of the General Assembly as provided by law from offering the current equivalent of such benefits, in a form other than tax credits, directly by general law.

Moody suggests that the proposed amendment relies on an “economic engine” myth. However, our fiscal analysis assumes no dynamic effect on GDP growth. When projecting the state GDP we rely on national GDP estimates from the CBO. Since both our tax base projections and the projections of revenues eliminated by our measure are driven by the size of the future state GDP, our fiscal impact notes are in effect immunized to varying assumptions about changes in GDP. There is however evidence that over long periods of time, states with no income tax experience faster economic growth. *See* Appendix B.

Moody suggests that “increased consumption tax” will decrease consumer spending. Again, he offers no evidence or authority for this claim. It is possible to theorize that raising taxes on consumption would decrease consumption. However, it is also important to recognize that by our estimates, the proposed amendment adds \$5.7 billion (2014) dollars of what would normally be collected as individual income tax into the pockets of Missouri consumers. This additional spending power should translate into additional consumption offsetting potential declines from imposing a broad consumption tax.

Finally, Moody offers the “Real Fiscal Impact” of the proposed amendment. His analysis is flawed. First, the Conservation and Parks and Soils Taxes are not repealed by the proposed amendment. Second, local municipalities are not required to recalculate their tax rates. Moody also fails to account for the unique differences of Version 9a, specifically Moody fails to assess how the longer phase out, rather than a straight repeal or shorter phase out, of the individual income tax will affect the costs or savings to the state. He suggests that a tax rate of 9% will be required to replace current taxes, yet offers no explanation or evidence for how that rate was calculated. Moody offers no explanation for why in 2014, when Version 9a only limits the rate of the individual income tax to four percent (from six percent), the rate of the new sales tax would need to be 9%. Even after the repeal of the individual income tax in 2018, the evidence does not support Moody’s conclusion. None of the no-income tax states in the United States have a sales tax rate that exceeds 7%. *See Appendix A.*

Finally Moody suggests the following fiscal impact statement:

Caps consumption tax at 7%, which is inadequate to replace current state revenues repealed. Shifts burden of taxes through consumption tax to lower and middle income citizens. Confiscates hundreds of millions in tax credits from taxpayers without compensation. Consumption tax is expanded to housing rents, food, utilities, child care, professional services.

Moody has not demonstrated that seven percent is inadequate to replace current state revenues. He has not demonstrated a shifting tax burden. His argument about tax credits is inaccurate as explained above. Similarly, his explanation of the taxable base contains factual inaccuracies. Section 116.174.3, RSMo, requires that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities. The fiscal note summary shall contain no more than fifty words, excluding articles, which shall summarize the fiscal note in language neither argumentative nor likely to create prejudice either for or against the proposed measure." Moody’s proposed summary does not state the measure's estimated cost or savings. The language is not only argumentative and likely to create prejudice, but is also factually inaccurate and should be wholly rejected by the Auditor.

Appendix A – No income tax states

All Data for Fiscal Year 2008, numbers in thousands

State	General Sales Tax Rate	State Taxes	General Sales Tax	Motor fuel, alcohol, tobacco, utility and other sales taxes (gaming etc.)	% from General Sales	% from Selective Sales	% from All Sales Taxes
Alaska	0.00%	8,424,714	-	279,569	0.0%	3.3%	3.3%
Alaska derives the majority of state revenue comes from oil royalties							
Florida	6.00%	35,849,998	21,518,100	7,778,923	60.0%	21.7%	81.7%
New Hampshire	0.00%	2,251,179	-	792,947	0.0%	35.2%	35.2%
New Hampshire derives significant revenues from corporate income taxes and state property taxes							
Nevada	6.90%	6,115,585	3,077,433	1,853,019	50.3%	30.3%	80.6%
Nevada derives significant (\$1.3 b) revenues from gaming taxes							
South Dakota	4.00%	1,321,368	732,438	339,814	55.4%	25.7%	81.1%
Tennessee	7.00%	11,538,430	6,832,948	1,779,434	59.2%	15.4%	74.6%
Texas	6.25%	44,675,953	21,668,972	11,696,220	48.5%	26.2%	74.7%
Washington	6.50%	17,959,833	11,344,622	3,056,046	63.2%	17.0%	80.2%
Wyoming	4.00%	2,404,843	981,198	134,663	40.8%	5.6%	46.4%
Wyoming derives significant (\$0.95b) revenues from mineral rights							
Missouri	4.225%	10,965,171	3,228,274	1,542,357	29.4%	14.1%	43.5%

Sources: <http://www2.census.gov/govs/estimate/08slsstab1a.xls> , <http://www2.census.gov/govs/estimate/08slsstab1b.xls> , http://dor.myflorida.com/dor/taxes/sales_tax.html , <http://tax.state.nv.us/pubs.htm> , <http://www.state.sd.us/drr2/businesstax/st/salestax.htm> , <http://www.window.state.tx.us/taxinfo/sales/> , http://dor.wa.gov/docs/forms/Excstx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf , <http://revenue.state.wy.us/portals/bvs/desktopdefault.aspx?tabindex=3&tabid=10>

Appendix B – Population Change in No Income Tax States

Territory	2000 Population	2009 Population	Population Growth	Faster (Slower) than United States Average
Alaska	626,932	698,473	11.41%	2.32%
Florida	15,982,378	18,537,969	15.99%	6.90%
Nevada	1,998,257	2,643,085	32.27%	23.18%
New Hampshire	1,235,786	1,324,575	7.18%	(1.91%)
South Dakota	754,844	812,383	7.62%	(1.47%)
Tennessee	5,689,283	6,296,254	10.67%	1.58%
Texas	20,851,820	24,782,302	18.85%	9.76%
Washington	5,894,121	6,664,195	13.07%	3.97%
Wyoming	493,782	544,270	10.22%	1.13%
United States	281,421,906	307,006,550	9.09%	
No-income-tax state average			14.37%	5.28%
No-income-tax state weighted-average			16.40%	7.30%
Missouri	5,595,211	5,987,580	7.01%	(2.08%)

Notes: 2009, July estimate

Sources: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-PH1&-ds_name=DEC_2000_SF1_U&-format=US-9, http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-box_head_nbr=GCT-T1-R&-ds_name=PEP_2009_EST&-redoLog=false&-format=US-40S&-mt_name=DEC_2000_SF1_U_GCTPH1_US9

The **State Auditor's office** summarizes the comments provided as follows:

It is the duty of the State Auditor to provide fair, unbiased fiscal notes and summaries for initiative petitions, estimating the fiscal impact of the initiative, and the office takes this responsibility seriously. But, it is also the office's responsibility to inform the voters when initiatives are so broad that the fiscal impact cannot reasonably be predicted. That is the case with this petition.

To assist in drafting the fiscal note and summary, the office received input from 22 public entities, and Mr. Marc H. Ellinger and Mr. James R. Moody provided information as a proponent and opponent of the proposals, respectively. The cost and savings estimates ranged from an unknown or no fiscal impact to a projected state budget shortfall in excess of \$1.02 billion.

The petition is dependent upon undefined variables related to legislative actions required and changes in consumer spending, none of which can be predicted at this time. Some of the legislative actions include, but are not limited to:

- The legislature must establish the specific sales tax rate, up to seven percent.
- The legislature must define "low income" for the purpose of issuing rebates, credits or prebates.
- The legislature must determine how to address tax credits in the event tax credits can no longer be redeemed.
- The legislature must determine what healthcare costs, if any, will be exempt from taxation.
- The legislature must establish a method for calculating and providing sales tax rebates, credits or prebates.
- The legislature must determine what additional tax exemptions, if any, will exist.
- The legislature must determine if senior citizens and the disabled are to continue receiving certain tax credits.
- The legislature must determine whether to collect delinquent taxes and pay tax refunds.

In addition to the legislative uncertainties, both proponents and opponents make wide-ranging assumptions regarding consumer spending which are not verifiable. Some of the unanswered questions regarding consumer spending include, but are not limited to:

- Whether the elimination of a state income tax will cause people to move into Missouri with a corresponding increase in the tax base.

- Whether the implementation of a "consumption tax" will lead citizens to move out of Missouri.
- Whether citizens living near a bordering state will avoid the sales tax by shopping across state lines if the bordering state has a lower sales tax.
- Whether Missourians will avoid the sales tax by buying more used items instead of new items.
- Whether Missourians will avoid the sales tax by shopping online instead of in state.
- Whether service providers will establish locations outside of Missouri to avoid a sales tax on services.

While the office discounts the dire predictions of state bankruptcy, predictions of little or no fiscal impact on the state are also difficult to support. While quantifying risks where possible is preferred, for the foregoing reasons, it would be inappropriate for the office to attempt to prospectively quantify the effects of this broad initiative.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Adair County**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Fiscal Note Summary

The total cost, savings, and/or change in tax revenue to state and local governmental entities cannot be determined. The proposal (1) requires a range of legislative action with unknown outcomes, and (2) will result in changes to consumer spending patterns that cannot be presently quantified.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-24)

Subject

Initiative petition from Matt Cologna regarding a proposed amendment to Chapter 115 of the Revised Statutes of Missouri. (Received January 24, 2011)

Date

February 10, 2011

Description

This proposal would amend Chapter 115 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **St. Louis County Election Board**, **St. Louis City Election Board**, **Kansas City Election Board**, **Platte County Board of Elections**, **Jackson County Election Board**, and **Clay County Election Board**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that

because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Economic Development** indicated there is no impact for their department.

Officials from the **Department of Higher Education** indicated proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Office of Administration (OA)** indicated this proposal will have no fiscal impact on their department. Budget and Planning defers to the Secretary of State's Office for statewide costs of election authorities.

They provided the following Technical Note:

The proposed amendment does not repeal or amend Section 115.639.1 RSMo, which requires employers to provide employees three hours away from their employment between the opening and closing of polls for the purpose of voting. However, if this section were repealed or is deemed unnecessary, there would be an estimated statewide savings of \$26,481 to \$54,106 per election.

$$\$32,592/2,080 = \$17.28 \times 1,690 = \$26,481$$

$$\$32,592/2,080 = \$17.28 \times 3,453 = \$54,106$$

\$32,592 average state employee salary (uniform classification and pay positions)

2,080 annual hours (to convert to hourly wage rate)

3,453 state employee voting leave with pay hours during the 2008 general election

1,690 state employee voting leave with pay hours during the 2010 general election

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

This measure will require the Secretary of State to reimburse local election authorities for increased costs. The measure will require the Secretary of State to reimburse local election authorities for operating satellite locations, including payment for election judges and the equipment necessary for federal elections.

Based on the current distribution of registered voters, the measure would require 48 satellite sites for early voting for 17 election authorities using the 50,000 registered voter formula – St. Louis City (4), St. Louis County (14), Kansas City (4), Jackson County (4) and the counties of Cape Girardeau (1), Christian (1), Cole (1), Buchanan (1), Franklin (1), Cass (1), Platte (1), Jasper (1), Boone (2), Clay (3), Jefferson (2), Greene (3), St. Charles (4). The fiscal note assumes that each early voting satellite voting location would be staffed by four election judges paid \$9 per hour for the 137 hours that they will be open for early voting - a total of \$236,736 per election. Election authorities could also incur ongoing costs for maintenance of the satellite locations, including rent, utilities, and

broadband internet service, in the approximate amount of \$1,260 per satellite location for one month or a total of \$60,480 per election.

Local election authorities would incur one-time costs for the purchase of equipment necessary for early voting at the satellite locations, including accessible voting machines for disabled voters, laptop computers and printers:

1 accessible voting machine per satellite site= \$5,000

2 laptop computers per satellite site = \$1,600

1 ballot on demand printer per satellite site = \$7,500

\$14,100 per satellite site multiplied by 48 satellite sites = \$ 676,800 initial start up costs, of which \$250,000 could be paid for with federal funds under the Help America Vote Act.

Early voting would take approximately half the time to process as walk-in absentees, therefore early voting at a central location should not result in increased costs to the election authorities, as elections staff would already be available to process walk-in absentee voters.

FY 2015- November 2014 general election

Total cost for FY 2015- \$236,736-pollworkers

\$60,480-rent, utilities

+ \$676,800-initial start up cost

\$974,016

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from **St. Charles County** indicated they estimate their cost for this proposal to result in a cost of \$334,600 for the first election held and \$289,600 for each subsequent election held under this proposal.

FIRST ELECTION

Additional site locations rent: \$ 28,800.00

Judges: \$100,000.00

Van rental/workers to
Deliver ballots: \$ 8,800.00

Computers: \$ 15,000.00

Software programming to provide on site lists for voters wanting to know who has already voted in advance. 115.276.1 Sub Section 10, including Election Authority staff time:	\$ 20,000.00
Internet:	\$ 2,000.00
Ballots:	\$147,000.00
Secure Storage at satellite sites:	\$ 10,000.00
Saturday & Sunday Overtime:	\$ 3,000.00
TOTAL:	\$334,600.00

EACH ADDITIONAL ELECTION

TOTAL:	\$289,600.00
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Officials from the **Jackson County Election Board** indicated Oversight of Advanced Voting would require at least one person to coordinate all aspects of the operation.

Annual Cost for Coordinator:	\$35,000.00
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Other related 1 (one) time cost:

6 Additional Precinct Ballot Counters	\$59,100.00
60 Additional Voting Booths	\$15,000.00
6 Laptop Computers	<u>\$ 5,400.00</u>

Total one time cost:	\$79,500.00
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COST PER ELECTION:

Jackson County Election Board had 234,109 registered voters. Based on the formula of 1 satellite site per 50,000 voters, board officials estimated they would have to use 6 locations due to the logistics of the jurisdiction to insure nondiscrimination in the representation of registered voters.

Site Rental based on current real estate rates:

6 locations	\$63,000.00
Internet Cable Connection to Missouri Central Voter Registration Data Base:	
6 locations	\$ 1,800.00
Misc. Supplies and expenses	\$ 5,000.00
Election Services Fund	\$ 9,623.00

Ballot Printing	\$ 1,000.00
Ballots	<u>\$12,903.00</u>
Total	<u>\$93,326.00</u>
Legal Public Notice	\$20,735.00
Election Judges for 6 locations 20 days	\$92,460.00
Election Assistant/Technician 6 locations 20 days	<u>\$18,210.00</u>
Total	<u>\$110,670.00</u>
ONE TIME COST	\$ 79,500.00
ONGOING COST	\$ 35,000.00
GRAND TOTAL FOR ONE ELECTION	\$224,731.00
GRAND TOTAL FOR ALL 3 COUNTY-WIDE ELECTIONS	\$674,193.00

Officials from the **Platte County Board of Elections** estimated the fiscal impact of the above-referenced bill for fiscal years 2012, 2013 and 2014 to be as follows:

Revenues:

None

Savings:

None

Costs:

Office/Central Location Expenses:

4 Election Judges @ \$100/each/per day X 20 days of advance voting period	\$8,000
1 Touch Schreen Tech @ \$100/day X 20 days advance voting period	\$2,000
FICA (7.65% x salaries)	\$459
Workers Comp Ins.	\$ 200
Optical Scan Ballots 10,000 x \$.30/each	\$3,000
Shipping	\$ 100
Provisional Ballots 200 x \$.30/ each	\$ 60
Shipping (included in optical scan above)	
Sub-Total for one election	\$13,819

Satellite Location Expenses

4 Election Judges @ \$100/each/day x 20 days	\$8,000
1 TS Tech @ \$100/day	\$2,000
FICA (7.65% x salaries)	\$ 459

Workers Compensation Insurance	\$ 200
Optical Scan Ballots 5000 x \$.30/each	\$1500
Shipping	\$ 100
Provisional Ballots 200 x \$.30/each	\$ 60
Shipping (included in Opt. Scan shipping above)	
Office/location rent and CAM fees for one month	\$7000
Utilities for one month	\$ 450
Telephone setup/monthly fee	\$ 275
DSL Line setup/monthly fee	\$ 325
Sub-Total for Satellite location for one election	\$20,369
One-Time Expenses:	
Workstation & Monitor	\$3000
Printer	\$ 500
Cables	\$ 100
Sub-Total for Satellite location one-time expenses	\$3600
Total per federal/state elections	\$41,388.00

Losses:(explain why revenue losses would be expected and amount per fiscal year)

None

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have no direct fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Governor's office**, the **Department of Transportation**, the **State Treasurer's office** Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Louis County, Taney County, the City of Kansas City, the City of St. Joseph, the City of St. Louis, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, St. Louis Community College, St. Louis County Election Board, St. Louis City Election Board, Kansas City Election Board, and Clay County Election Board.

Fiscal Note Summary

It is estimated state government entities would reimburse election authorities for incurred costs of at least \$974,016 in fiscal year 2015 (one-time costs of \$676,800 and on-going costs for each federal election of \$297,216). Those costs may be higher depending on the compensation, staffing and planning decisions of affected election authorities.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-25)

Subject

Initiative petition from Russell Purvis regarding a proposed constitutional amendment to Article III. (Received January 24, 2011)

Date

February 10, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Callaway County**, **Cole County**, **Greene County**, **St. Louis County**, the **City of Columbia**, the **City of Kansas City**, the **City of St. Louis**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **State Tax Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Economic Development** indicated there is no impact for their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have an effective date of 2023. In today's dollars there would be \$4.7 million in savings.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Office of Administration (OA)** indicated this proposal will have no fiscal impact on their office. Budget and Planning assumes there would be savings of salaries, fringes, per diem and other expenses. We defer to the House of Representatives for savings estimates.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **City of Wentzville** indicated this initiative petition would not have a direct effect on their city.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have no direct fiscal impact on their college.

Officials from the **State Tax Commission** indicated this initiative petition will not have a fiscal impact on their agency.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Department of Transportation**, the **State Treasurer's office**, **Callaway County**, **Cole County**, **Greene County**, **St. Louis County**, the **City of Columbia**, the **City of Kansas City**, the **City of St. Louis**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, **St. Louis Community College**.

Fiscal Note Summary

Annual estimated savings to state government would be at least \$4.7 million. No fiscal impact is expected for local governments.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-28)**

Subject

Initiative petition from James B. Deutsch regarding a proposed constitutional amendment to Article VI. (Received February 7, 2011)

Date

February 25, 2011

Description

This proposal would amend Article VI of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Economic Development**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Governor's office**, the **Missouri House of Representatives**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **State Treasurer's office**, **Jackson County Legislators**, **St. Louis County**, the **City of Kansas City**, the **City of St. Louis**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Department of Economic Development** indicated there is no anticipated fiscal impact for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from the **Office of Administration (OA)** indicated:

Each initiative petition adds an identical new section to Article VI of the Missouri Constitution, placing municipal police forces or departments under the control of the governing body of the municipality in which the police force or department is located. In addition, each petition requires that police forces or departments previously controlled under a governing body appointed by the Governor shall not alter pension plans for retired or current employees hired prior to November 6, 2012.

The difference in each petition is the note before the amending clause. Petition 11-28 does not have a note included. Petitions 11-29, 11-30, 11-31 include a note that references Chapter 84, RSMo. Petition 11-32 includes a note that references the Missouri Revised Statutes without a chapter or section citation. Budget and Planning assumes that the Missouri Revised Statutes would need to be modified if the proposed amendment is passed by the voters.

There should be no added costs or savings to the Office of Administration if passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **State Treasurer's office** indicated there will be no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from the **City of Kansas City** indicated:

The proposed amendment would allow the KCPD and the city to experience financial savings as common activities were merged.

A specific amount of savings cannot be provided. However, the City of Kansas City has attempted to work with the KCPD on specific cost-saving administrative measures. Most recently discussions between the city and the KCPD concerning a single health insurance benefit provider have been opened. Allowing locally elected officials to make these decisions would eliminate the need for and expense of negotiations on savings and place financial stewardship of both entities with those persons elected by the residents of the city being served. The elimination of duplication of many administrative functions will provide a savings to the taxpayers of Kansas City.

The officials said the policy behind the proposed amendment is not being addressed.

Officials from the **City of St. Louis** indicated:

All five of these initiative petitions propose to amend the Missouri Constitution so that the city of St. Louis could establish and control its own police department. At present, the city is constrained by existing statutes that require the city's police department to be governed and controlled by a Board of Police Commissioners, with four of the five commissioners appointed by the Governor of Missouri. This situation inhibits the city's ability to control costs, and, in addition, inhibits the ability of the city's Mayor and Board of Aldermen to ensure that the Police Department operates in a manner that best protects the safety of residents, workers, businesses and visitors.

The officials said they believe that the fiscal impact of the amendments to Missouri's statutes proposed in Initiative Petitions 11-28, 11-29, 11-30, 11-31, and 11-32 will be extremely positive for the City of St. Louis in a variety of ways, as follows.

The officials said they believe that these amendments will allow the city to combine a variety of administrative functions now carried out independently by the Police Department with functions of the same type also carried out by the city. These functions include emergency dispatch, accounting and budgeting, information technology, printing, and facilities management, among others. In addition, it will be possible to eliminate administrative functions now carried out by the Police Department that will no longer be necessary—these include expenses related to the Board of Police Commissioners and to public relations. Further, the city could save future costs of providing lifelong health insurance benefits for present and former police commissioners—since we are not privy to the number of former police commissioners for whom this benefit is now provided, it is not possible to estimate the value of this savings.

The officials said they estimate that the city will save approximately \$7.8 million from the elimination of duplicative and unnecessary functions that local control will make possible. They said this savings amount is based on a number of assumptions that may or may not prove to be correct. This estimated savings is approximately 2% of the city's current \$454 million general revenue budget. The city can use these administrative savings to improve public safety and other direct services for citizens.

The officials said although they cannot estimate the amount of savings in the limited time available for this response, they believe that additional savings are possible: the Police Department has purchased an accounting/payroll system at a cost of several million dollars that could address a major unmet city technology need—if the city can take advantage of this system, the city will avoid the cost of independently purchasing a similar system and will be able to save an additional amount in personnel costs through attrition. Further, the officials said they believe that judicious and enhanced use of technology can also eliminate a significant portion of the personnel costs associated with reporting—again, it is not possible to estimate the actual potential cost savings in this limited timeframe.

The officials said they would also like to note that, with the exception of the elimination of the one (1) commissioned officer who works for the Board of Police Commissioners, they have not suggested that any savings can be achieved by eliminating uniformed officers. The officials said they believe that all of the existing uniformed officers need to be retained for the safety of residents, workers, businesses and visitors. Those uniformed officers now engaged in functions that duplicate city functions can be redeployed in activities that directly contribute to public safety. In that regard, the officials said they believe the proposed amendment will contribute to improving public safety in the City of St. Louis because more police officers will be available to provide direct public safety services. This, in turn, will provide additional positive city fiscal impact, although it is also not possible to calculate the monetary value of this impact: more police officers "on the street" will improve both the perception and reality of safety in the city and attract more residents, workers, businesses and visitors. The improvement in city services that can result from the savings will have a similar positive fiscal impact.

The State Auditor's office did not receive a response from the **Attorney General's office**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Governor's office**, **Jackson County Legislators**, **St. Louis County**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Local governmental entities estimated savings from this proposal of at least \$7.8 million, but the total potential savings is unknown. It is estimated the proposal would have no cost or savings to state governmental entities.

MISSOURI STATE AUDITOR'S OFFICE

FISCAL NOTE (11-29)

Subject

Initiative petition from James B. Deutsch regarding a proposed constitutional amendment to Article VI. (Received February 7, 2011)

Date

February 25, 2011

Description

This proposal would amend Article VI of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Economic Development**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Governor's office**, the **Missouri House of Representatives**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **State Treasurer's office**, **Jackson County Legislators**, **St. Louis County**, the **City of Kansas City**, the **City of St. Louis**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Department of Economic Development** indicated there is no anticipated fiscal impact for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from the **Office of Administration (OA)** indicated:

Each initiative petition adds an identical new section to Article VI of the Missouri Constitution, placing municipal police forces or departments under the control of the governing body of the municipality in which the police force or department is located. In addition, each petition requires that police forces or departments previously controlled under a governing body appointed by the Governor shall not alter pension plans for retired or current employees hired prior to November 6, 2012.

The difference in each petition is the note before the amending clause. Petition 11-28 does not have a note included. Petitions 11-29, 11-30, 11-31 include a note that references Chapter 84, RSMo. Petition 11-32 includes a note that references the Missouri Revised Statutes without a chapter or section citation. Budget and Planning assumes that the Missouri Revised Statutes would need to be modified if the proposed amendment is passed by the voters.

There should be no added costs or savings to the Office of Administration if passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **State Treasurer's office** indicated there will be no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from the **City of Kansas City** indicated:

The proposed amendment would allow the KCPD and the city to experience financial savings as common activities were merged.

A specific amount of savings cannot be provided. However, the City of Kansas City has attempted to work with the KCPD on specific cost-saving administrative measures. Most recently discussions between the city and the KCPD concerning a single health insurance benefit provider have been opened. Allowing locally elected officials to make these decisions would eliminate the need for and expense of negotiations on savings and place financial stewardship of both entities with those persons elected by the residents of the city being served. The elimination of duplication of many administrative functions will provide a savings to the taxpayers of Kansas City.

The officials said the policy behind the proposed amendment is not being addressed.

Officials from the **City of St. Louis** indicated:

All five of these initiative petitions propose to amend the Missouri Constitution so that the city of St. Louis could establish and control its own police department. At present, the city is constrained by existing statutes that require the city's police department to be governed and controlled by a Board of Police Commissioners, with four of the five commissioners appointed by the Governor of Missouri. This situation inhibits the city's ability to control costs, and, in addition, inhibits the ability of the city's Mayor and Board of Aldermen to ensure that the Police Department operates in a manner that best protects the safety of residents, workers, businesses and visitors.

The officials said they believe that the fiscal impact of the amendments to Missouri's statutes proposed in Initiative Petitions 11-28, 11-29, 11-30, 11-31, and 11-32 will be extremely positive for the City of St. Louis in a variety of ways, as follows.

The officials said they believe that these amendments will allow the city to combine a variety of administrative functions now carried out independently by the Police Department with functions of the same type also carried out by the city. These functions include emergency dispatch, accounting and budgeting, information technology, printing, and facilities management, among others. In addition, it will be possible to eliminate administrative functions now carried out by the Police Department that will no longer be necessary—these include expenses related to the Board of Police Commissioners and to public relations. Further, the city could save future costs of providing lifelong health insurance benefits for present and former police commissioners—since we are not privy to the number of former police commissioners for whom this benefit is now provided, it is not possible to estimate the value of this savings.

The officials said they estimate that the city will save approximately \$7.8 million from the elimination of duplicative and unnecessary functions that local control will make possible. They said this savings amount is based on a number of assumptions that may or may not prove to be correct. This estimated savings is approximately 2% of the city's current \$454 million general revenue budget. The city can use these administrative savings to improve public safety and other direct services for citizens.

The officials said although they cannot estimate the amount of savings in the limited time available for this response, they believe that additional savings are possible: the Police Department has purchased an accounting/payroll system at a cost of several million dollars that could address a major unmet city technology need—if the city can take advantage of this system, the city will avoid the cost of independently purchasing a similar system and will be able to save an additional amount in personnel costs through attrition. Further, the officials said they believe that judicious and enhanced use of technology can also eliminate a significant portion of the personnel costs associated with reporting—again, it is not possible to estimate the actual potential cost savings in this limited timeframe.

The officials said they would also like to note that, with the exception of the elimination of the one (1) commissioned officer who works for the Board of Police Commissioners, they have not suggested that any savings can be achieved by eliminating uniformed officers. The officials said they believe that all of the existing uniformed officers need to be retained for the safety of residents, workers, businesses and visitors. Those uniformed officers now engaged in functions that duplicate city functions can be redeployed in activities that directly contribute to public safety. In that regard, the officials said they believe the proposed amendment will contribute to improving public safety in the City of St. Louis because more police officers will be available to provide direct public safety services. This, in turn, will provide additional positive city fiscal impact, although it is also not possible to calculate the monetary value of this impact: more police officers "on the street" will improve both the perception and reality of safety in the city and attract more residents, workers, businesses and visitors. The improvement in city services that can result from the savings will have a similar positive fiscal impact.

The State Auditor's office did not receive a response from the **Attorney General's office**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Governor's office**, **Jackson County Legislators**, **St. Louis County**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Local governmental entities estimated savings from this proposal of at least \$7.8 million, but the total potential savings is unknown. It is estimated the proposal would have no cost or savings to state governmental entities.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-30)**

Subject

Initiative petition from James B. Deutsch regarding a proposed constitutional amendment to Article VI. (Received February 7, 2011)

Date

February 25, 2011

Description

This proposal would amend Article VI of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Economic Development**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Governor's office**, the **Missouri House of Representatives**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **State Treasurer's office**, **Jackson County Legislators**, **St. Louis County**, the **City of Kansas City**, the **City of St. Louis**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Department of Economic Development** indicated there is no anticipated fiscal impact for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from the **Office of Administration (OA)** indicated:

Each initiative petition adds an identical new section to Article VI of the Missouri Constitution, placing municipal police forces or departments under the control of the governing body of the municipality in which the police force or department is located. In addition, each petition requires that police forces or departments previously controlled under a governing body appointed by the Governor shall not alter pension plans for retired or current employees hired prior to November 6, 2012.

The difference in each petition is the note before the amending clause. Petition 11-28 does not have a note included. Petitions 11-29, 11-30, 11-31 include a note that references Chapter 84, RSMo. Petition 11-32 includes a note that references the Missouri Revised Statutes without a chapter or section citation. Budget and Planning assumes that the Missouri Revised Statutes would need to be modified if the proposed amendment is passed by the voters.

There should be no added costs or savings to the Office of Administration if passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **State Treasurer's office** indicated there will be no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from the **City of Kansas City** indicated:

The proposed amendment would allow the KCPD and the city to experience financial savings as common activities were merged.

A specific amount of savings cannot be provided. However, the City of Kansas City has attempted to work with the KCPD on specific cost-saving administrative measures. Most recently discussions between the city and the KCPD concerning a single health insurance benefit provider have been opened. Allowing locally elected officials to make these decisions would eliminate the need for and expense of negotiations on savings and place financial stewardship of both entities with those persons elected by the residents of the city being served. The elimination of duplication of many administrative functions will provide a savings to the taxpayers of Kansas City.

The officials said the policy behind the proposed amendment is not being addressed.

Officials from the **City of St. Louis** indicated:

All five of these initiative petitions propose to amend the Missouri Constitution so that the city of St. Louis could establish and control its own police department. At present, the city is constrained by existing statutes that require the city's police department to be governed and controlled by a Board of Police Commissioners, with four of the five commissioners appointed by the Governor of Missouri. This situation inhibits the city's ability to control costs, and, in addition, inhibits the ability of the city's Mayor and Board of Aldermen to ensure that the Police Department operates in a manner that best protects the safety of residents, workers, businesses and visitors.

The officials said they believe that the fiscal impact of the amendments to Missouri's statutes proposed in Initiative Petitions 11-28, 11-29, 11-30, 11-31, and 11-32 will be extremely positive for the City of St. Louis in a variety of ways, as follows.

The officials said they believe that these amendments will allow the city to combine a variety of administrative functions now carried out independently by the Police Department with functions of the same type also carried out by the city. These functions include emergency dispatch, accounting and budgeting, information technology, printing, and facilities management, among others. In addition, it will be possible to eliminate administrative functions now carried out by the Police Department that will no longer be necessary—these include expenses related to the Board of Police Commissioners and to public relations. Further, the city could save future costs of providing lifelong health insurance benefits for present and former police commissioners—since we are not privy to the number of former police commissioners for whom this benefit is now provided, it is not possible to estimate the value of this savings.

The officials said they estimate that the city will save approximately \$7.8 million from the elimination of duplicative and unnecessary functions that local control will make possible. They said this savings amount is based on a number of assumptions that may or may not prove to be correct. This estimated savings is approximately 2% of the city's current \$454 million general revenue budget. The city can use these administrative savings to improve public safety and other direct services for citizens.

The officials said although they cannot estimate the amount of savings in the limited time available for this response, they believe that additional savings are possible: the Police Department has purchased an accounting/payroll system at a cost of several million dollars that could address a major unmet city technology need—if the city can take advantage of this system, the city will avoid the cost of independently purchasing a similar system and will be able to save an additional amount in personnel costs through attrition. Further, the officials said they believe that judicious and enhanced use of technology can also eliminate a significant portion of the personnel costs associated with reporting—again, it is not possible to estimate the actual potential cost savings in this limited timeframe.

The officials said they would also like to note that, with the exception of the elimination of the one (1) commissioned officer who works for the Board of Police Commissioners, they have not suggested that any savings can be achieved by eliminating uniformed officers. The officials said they believe that all of the existing uniformed officers need to be retained for the safety of residents, workers, businesses and visitors. Those uniformed officers now engaged in functions that duplicate city functions can be redeployed in activities that directly contribute to public safety. In that regard, the officials said they believe the proposed amendment will contribute to improving public safety in the City of St. Louis because more police officers will be available to provide direct public safety services. This, in turn, will provide additional positive city fiscal impact, although it is also not possible to calculate the monetary value of this impact: more police officers "on the street" will improve both the perception and reality of safety in the city and attract more residents, workers, businesses and visitors. The improvement in city services that can result from the savings will have a similar positive fiscal impact.

The State Auditor's office did not receive a response from the **Attorney General's office**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Governor's office**, **Jackson County Legislators**, **St. Louis County**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Local governmental entities estimated savings from this proposal of at least \$7.8 million, but the total potential savings is unknown. It is estimated the proposal would have no cost or savings to state governmental entities.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-31)**

Subject

Initiative petition from James B. Deutsch regarding a proposed constitutional amendment to Article VI. (Received February 7, 2011)

Date

February 25, 2011

Description

This proposal would amend Article VI of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Economic Development**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Governor's office**, the **Missouri House of Representatives**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **State Treasurer's office**, **Jackson County Legislators**, **St. Louis County**, the **City of Kansas City**, the **City of St. Louis**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Department of Economic Development** indicated there is no anticipated fiscal impact for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from the **Office of Administration (OA)** indicated:

Each initiative petition adds an identical new section to Article VI of the Missouri Constitution, placing municipal police forces or departments under the control of the governing body of the municipality in which the police force or department is located. In addition, each petition requires that police forces or departments previously controlled under a governing body appointed by the Governor shall not alter pension plans for retired or current employees hired prior to November 6, 2012.

The difference in each petition is the note before the amending clause. Petition 11-28 does not have a note included. Petitions 11-29, 11-30, 11-31 include a note that references Chapter 84, RSMo. Petition 11-32 includes a note that references the Missouri Revised Statutes without a chapter or section citation. Budget and Planning assumes that the Missouri Revised Statutes would need to be modified if the proposed amendment is passed by the voters.

There should be no added costs or savings to the Office of Administration if passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **State Treasurer's office** indicated there will be no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from the **City of Kansas City** indicated:

The proposed amendment would allow the KCPD and the city to experience financial savings as common activities were merged.

A specific amount of savings cannot be provided. However, the City of Kansas City has attempted to work with the KCPD on specific cost-saving administrative measures. Most recently discussions between the city and the KCPD concerning a single health insurance benefit provider have been opened. Allowing locally elected officials to make these decisions would eliminate the need for and expense of negotiations on savings and place financial stewardship of both entities with those persons elected by the residents of the city being served. The elimination of duplication of many administrative functions will provide a savings to the taxpayers of Kansas City.

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Officials from the **City of St. Louis** indicated:

All five of these initiative petitions propose to amend the Missouri Constitution so that the city of St. Louis could establish and control its own police department. At present, the city is constrained by existing statutes that require the city's police department to be governed and controlled by a Board of Police Commissioners, with four of the five commissioners appointed by the Governor of Missouri. This situation inhibits the city's ability to control costs, and, in addition, inhibits the ability of the city's Mayor and Board of Aldermen to ensure that the Police Department operates in a manner that best protects the safety of residents, workers, businesses and visitors.

The officials said they believe that the fiscal impact of the amendments to Missouri's statutes proposed in Initiative Petitions 11-28, 11-29, 11-30, 11-31, and 11-32 will be extremely positive for the City of St. Louis in a variety of ways, as follows.

The officials said they believe that these amendments will allow the city to combine a variety of administrative functions now carried out independently by the Police Department with functions of the same type also carried out by the city. These functions include emergency dispatch, accounting and budgeting, information technology, printing, and facilities management, among others. In addition, it will be possible to eliminate administrative functions now carried out by the Police Department that will no longer be necessary—these include expenses related to the Board of Police Commissioners and to public relations. Further, the city could save future costs of providing lifelong health insurance benefits for present and former police commissioners—since we are not privy to the number of former police commissioners for whom this benefit is now provided, it is not possible to estimate the value of this savings.

The officials said they estimate that the city will save approximately \$7.8 million from the elimination of duplicative and unnecessary functions that local control will make possible. They said this savings amount is based on a number of assumptions that may or may not prove to be correct. This estimated savings is approximately 2% of the city's current \$454 million general revenue budget. The city can use these administrative savings to improve public safety and other direct services for citizens.

The officials said although they cannot estimate the amount of savings in the limited time available for this response, they believe that additional savings are possible: the Police Department has purchased an accounting/payroll system at a cost of several million dollars that could address a major unmet city technology need—if the city can take advantage of this system, the city will avoid the cost of independently purchasing a similar system and will be able to save an additional amount in personnel costs through attrition. Further, the officials said they believe that judicious and enhanced use of technology can also eliminate a significant portion of the personnel costs associated with reporting—again, it is not possible to estimate the actual potential cost savings in this limited timeframe.

The officials said they would also like to note that, with the exception of the elimination of the one (1) commissioned officer who works for the Board of Police Commissioners, they have not suggested that any savings can be achieved by eliminating uniformed officers. The officials said they believe that all of the existing uniformed officers need to be retained for the safety of residents, workers, businesses and visitors. Those uniformed officers now engaged in functions that duplicate city functions can be redeployed in activities that directly contribute to public safety. In that regard, the officials said they believe the proposed amendment will contribute to improving public safety in the City of St. Louis because more police officers will be available to provide direct public safety services. This, in turn, will provide additional positive city fiscal impact, although it is also not possible to calculate the monetary value of this impact: more police officers "on the street" will improve both the perception and reality of safety in the city and attract more residents, workers, businesses and visitors. The improvement in city services that can result from the savings will have a similar positive fiscal impact.

The State Auditor's office did not receive a response from the **Attorney General's office**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Governor's office**, **Jackson County Legislators**, **St. Louis County**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Local governmental entities estimated savings from this proposal of at least \$7.8 million, but the total potential savings is unknown. It is estimated the proposal would have no cost or savings to state governmental entities.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-32)

Subject

Initiative petition from James B. Deutsch regarding a proposed constitutional amendment to Article VI. (Received February 7, 2011)

Date

February 25, 2011

Description

This proposal would amend Article VI of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Economic Development**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Governor's office**, the **Missouri House of Representatives**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **State Treasurer's office**, **Jackson County Legislators**, **St. Louis County**, the **City of Kansas City**, the **City of St. Louis**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Department of Economic Development** indicated there is no anticipated fiscal impact for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to the operations budget of their agency.

Officials from the **Office of Administration (OA)** indicated:

Each initiative petition adds an identical new section to Article VI of the Missouri Constitution, placing municipal police forces or departments under the control of the governing body of the municipality in which the police force or department is located. In addition, each petition requires that police forces or departments previously controlled under a governing body appointed by the Governor shall not alter pension plans for retired or current employees hired prior to November 6, 2012.

The difference in each petition is the note before the amending clause. Petition 11-28 does not have a note included. Petitions 11-29, 11-30, 11-31 include a note that references Chapter 84, RSMo. Petition 11-32 includes a note that references the Missouri Revised Statutes without a chapter or section citation. Budget and Planning assumes that the Missouri Revised Statutes would need to be modified if the proposed amendment is passed by the voters.

There should be no added costs or savings to the Office of Administration if passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **State Treasurer's office** indicated there will be no immediate fiscal impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from the **City of Kansas City** indicated:

The proposed amendment would allow the KCPD and the city to experience financial savings as common activities were merged.

A specific amount of savings cannot be provided. However, the City of Kansas City has attempted to work with the KCPD on specific cost-saving administrative measures. Most recently discussions between the city and the KCPD concerning a single health insurance benefit provider have been opened. Allowing locally elected officials to make these decisions would eliminate the need for and expense of negotiations on savings and place financial stewardship of both entities with those persons elected by the residents of the city being served. The elimination of duplication of many administrative functions will provide a savings to the taxpayers of Kansas City.

The officials said the policy behind the proposed amendment is not being addressed.

Officials from the **City of St. Louis** indicated:

All five of these initiative petitions propose to amend the Missouri Constitution so that the city of St. Louis could establish and control its own police department. At present, the city is constrained by existing statutes that require the city's police department to be governed and controlled by a Board of Police Commissioners, with four of the five commissioners appointed by the Governor of Missouri. This situation inhibits the city's ability to control costs, and, in addition, inhibits the ability of the city's Mayor and Board of Aldermen to ensure that the Police Department operates in a manner that best protects the safety of residents, workers, businesses and visitors.

The officials said they believe that the fiscal impact of the amendments to Missouri's statutes proposed in Initiative Petitions 11-28, 11-29, 11-30, 11-31, and 11-32 will be extremely positive for the City of St. Louis in a variety of ways, as follows.

The officials said they believe that these amendments will allow the city to combine a variety of administrative functions now carried out independently by the Police Department with functions of the same type also carried out by the city. These functions include emergency dispatch, accounting and budgeting, information technology, printing, and facilities management, among others. In addition, it will be possible to eliminate administrative functions now carried out by the Police Department that will no longer be necessary—these include expenses related to the Board of Police Commissioners and to public relations. Further, the city could save future costs of providing lifelong health insurance benefits for present and former police commissioners—since we are not privy to the number of former police commissioners for whom this benefit is now provided, it is not possible to estimate the value of this savings.

The officials said they estimate that the city will save approximately \$7.8 million from the elimination of duplicative and unnecessary functions that local control will make possible. They said this savings amount is based on a number of assumptions that may or may not prove to be correct. This estimated savings is approximately 2% of the city's current \$454 million general revenue budget. The city can use these administrative savings to improve public safety and other direct services for citizens.

The officials said although they cannot estimate the amount of savings in the limited time available for this response, they believe that additional savings are possible: the Police Department has purchased an accounting/payroll system at a cost of several million dollars that could address a major unmet city technology need—if the city can take advantage of this system, the city will avoid the cost of independently purchasing a similar system and will be able to save an additional amount in personnel costs through attrition. Further, the officials said they believe that judicious and enhanced use of technology can also eliminate a significant portion of the personnel costs associated with reporting—again, it is not possible to estimate the actual potential cost savings in this limited timeframe.

The officials said they would also like to note that, with the exception of the elimination of the one (1) commissioned officer who works for the Board of Police Commissioners, they have not suggested that any savings can be achieved by eliminating uniformed officers. The officials said they believe that all of the existing uniformed officers need to be retained for the safety of residents, workers, businesses and visitors. Those uniformed officers now engaged in functions that duplicate city functions can be redeployed in activities that directly contribute to public safety. In that regard, the officials said they believe the proposed amendment will contribute to improving public safety in the City of St. Louis because more police officers will be available to provide direct public safety services. This, in turn, will provide additional positive city fiscal impact, although it is also not possible to calculate the monetary value of this impact: more police officers "on the street" will improve both the perception and reality of safety in the city and attract more residents, workers, businesses and visitors. The improvement in city services that can result from the savings will have a similar positive fiscal impact.

The State Auditor's office did not receive a response from the **Attorney General's office**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Governor's office**, **Jackson County Legislators**, **St. Louis County**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Local governmental entities estimated savings from this proposal of at least \$7.8 million, but the total potential savings is unknown. It is estimated the proposal would have no cost or savings to state governmental entities.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-33)

Subject

Initiative petition from Russell Purvis regarding a proposed constitutional amendment to Article III. (Received February 10, 2011)

Date

March 2, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Callaway County**, **Cole County**, **Greene County**, **St. Louis County**, the **City of Columbia**, the **City of Kansas City**, the **City of St. Louis**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **State Tax Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal will create no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Economic Development** indicated there is no fiscal impact for their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated that the proposal would have no impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition's impact will not be realized until fiscal year 2024. They estimated savings in today's dollars would be \$4.7 million annually. They said additional savings in admin costs might also be realized but those savings are difficult to quantify.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Office of Administration (OA)** indicated this proposal will have no fiscal impact on their office. Budget and Planning assumes there would be savings of salaries, fringes, per diem and other expenses. We defer to the House of Representatives for savings estimates.

Officials from the **Office of State Courts Administrator** indicated there is no cost to the courts for this initiative petition.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **City of Wentzville** indicated they expect no fiscal impact related to this initiative petition.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have no known fiscal impact on their college.

Officials from the **State Tax Commission** indicated this initiative petition will not have a fiscal impact on their agency.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Department of Transportation**, the **State Treasurer's office**, **Callaway County**, **Cole County**, **Greene County**, **St. Louis County**, the **City of Columbia**, the **City of Kansas City**, the **City of St. Louis**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, **St. Louis Community College**.

Fiscal Note Summary

Annual estimated savings to state government would be at least \$4.7 million. No fiscal impact is expected for local governments.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-35)

Subject

Initiative petition from Russell Purvis regarding a proposed amendment to Chapter 130 of the Revised Statutes of Missouri. (Received March 3, 2011)

Date

March 23, 2011

Description

This proposal would amend Chapter 130 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, the **Missouri Ethics Commission**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that costs can be absorbed with existing resources. If a substantial increase in caseload results, they would seek additional appropriation in the future.

Officials from the **Department of Agriculture** indicated there will be no impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact as a result of the proposed amendment.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue (DOR)** indicated this legislation will have a fiscal impact on their department. They estimated the costs to the General Revenue Fund to be \$52,260 in fiscal year 2012, \$40,083 in fiscal year 2013, and \$40,497 in fiscal year 2014. They summarized how the proposal will affect their agency as follows:

Section 130.032

- Any committee that accepts or gives contributions other than those allowed by this section shall be subject to a surcharge of \$1,000 plus the amount of the contribution per nonallowable contribution.
- This is to be paid to the Ethics Commission which will transfer it to the Department of Revenue.
- The candidate and the candidate committee treasurer owing a surcharge will be personally liable for the payment of the surcharge.
- The surcharge will constitute a debt to the state which is enforceable, but not limited to, the provisions of Chapter 143.
- These provisions become effective January 1, 2013.

They said it is unclear where the surcharge is to be deposited in the state treasury, if it is to be deposited. They said the department cannot determine an impact on total state revenue. They said the department and ITSD-DOR will need to make programming changes to various tax systems. They estimated 1 Revenue Processing Technician I

would be needed to process the claims and provided the following comments regarding Information Technology - OA-ITSD (DOR) needs:

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$13,356. The value of the level of effort is calculated on 504 FTE hours.

They said it is unknown - on how the offsets will be handled would make it difficult to understand the full impact. They said they assume that a file will be passed to DOR for offset purposes.

They provided the following additional comments about Section 130.032.3 in the proposal:

- This section specifies that any committee that accepts or gives contribution other than those allowed will be subject to a surcharge of \$1,000 plus an amount equal to the contribution per non-allowable contribution. The surcharge is to be paid to the ethics commission who will then transfer the funds to the Director of Revenue.
 - There is no provision on how the money will be transferred.
- The ethics commission will contact the candidate and give them ten business days after the receipt of the notice to return the contribution to the contributor. The language reads that the surcharge shall constitute a debt to the state enforceable under but not limited to the provisions of Chapter 143.
 - The language is vague and unclear as to how the department will process the surcharge on the candidates. Since the language states that it will be enforceable under but not limited Chapter 143 the assumption is made that the debt will be processed as a debt offset. It is recommended that this would be better suited in a specific section of Chapter 143 and referenced in this section of law.
 - The following two sections would approve the ethics commission to debt offset with the department and allow the offset.
 - Section 143.782.(6) "State agency", any department, division, board, commission, office, or other agency of the state of Missouri, including public community college districts and housing authorities as defined in section 99.020.

- Section 143.784. 1. Within the time frame specified by the department, a state agency seeking to collect a debt through setoff shall supply the information necessary to identify each debtor whose refund is sought to be set off and certify the amount of the debt or debts owed by each such debtor.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration (OA)** indicated this proposal will have no fiscal impact on their office. OA defers to the Missouri Ethics Commission for the fiscal impact on that organization.

Officials from the **Office of State Courts Administrator** indicated this initiative petition has no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no immediate impact to their office. Please defer to the Office of Administration and the Department of Revenue.

Officials from the **Missouri Ethics Commission** indicated:

The Missouri Ethics Commission (MEC) has fiscal impact relating to initiative petition 11-35. The proposed statutory language would implement campaign finance limits, creates the crime of evasion of contribution limits and amends the campaign finance disclosure requirements. The proposed statutory language would require the following of the Missouri Ethics Commission:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits; examples include providing training, developing informational materials, telephone and email assistance.
- Assess the specific monetary surcharge, as proposed; this includes identifying those committees failing to adhere to the campaign finance contribution limits, sending out the necessary notices, tracking the receipt of payments, and coordinating/conducting any necessary collection efforts.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints and conduct investigations, as established in Section 105.955.14, RSMo., and the related legal actions.
- Perform legal actions related to investigations conducted.

The fiscal impact would be \$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 130.032, RSMo.

An Investigator (\$49,104 annual salary) to accommodate anticipated increase in enforcement duties, as established in current state statute, related to the new provisions. A Business Analyst (\$39,468 annual salary) to conduct the routine work necessary in reviewing and providing oversight for the proposed statutory language.

Officials from **Greene County** indicated they did not see any fiscal impact for the county.

Officials from the **City of Kansas City** indicated they would experience no fiscal impact by the adoption of this proposed initiative.

Officials from the **City of St. Joseph** indicated there would be no fiscal impact, positive or negative, on their city as a result of this initiative.

Officials from **Hannibal 60 School District** indicated this initiative petition would have no financial consequence on their school.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Missouri House of Representatives**, **Cole County**, **Jackson County Legislators**, **St. Louis County**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

It is estimated this proposal will increase state government costs by at least \$127,000 annually and result in one-time costs of about \$28,000. Any potential impact to state government revenue could not be determined. It is estimated this proposal will have no costs or savings to local governments.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-36)

Subject

Initiative petition from Michael Moore regarding a proposed amendment to Chapter 590 of the Revised Statutes of Missouri. (Received April 12, 2011)

Date

May 2, 2011

Description

This proposal would amend Chapter 590 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek

additional appropriations if there is a significant increase in the cost of compiling the statistics.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no anticipated cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated:

The Highway Patrol believes the impact will be minimal and can be absorbed; therefore the Highway Patrol's response is no impact.

The Highway Patrol provided the following comments:

[(3) Whether a search was conducted as a result of the stop;] (c) "Race or ethnicity" means of a particular descent, including African, Hispanic, Asian, or Native American descent,

In the section shown above, Caucasian should be included. Race or ethnicity, for the purposes of a definition, should also include non-minorities.

[(8) Whether an arrest was made as a result of either the stop or the search;] (4) provide public education relating to the agency's complaint process;

Using the term "public education" might be interpreted by some persons as a formal program delivered throughout the service area. More direct and clear language should be considered. For example, requiring hard copy literature describing complaint filing procedures to be readily available to the public at agency facilities and/or providing

information on the agency Internet website on complaint filing procedures would be more precise and workable.

(d) The number and percentage of complaints filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

How is the percentage determined? Is it the percentage determined by comparing the total number of stops for a particular racial group with complaints from that racial group? Is it the percentage determined by comparing the total number of stops for all racial groups combined with complaints from a particular racial group? This section needs to be more precise to obtain the desired percentage for comparison.

12. A peace officer is exempt from the reporting requirements under section 8 and a law enforcement agency is exempt from the compilation and reporting requirements under section 9 if:

(1) during the calendar year proceeding the date that a report under section 9 is required to be submitted:

(a) each law enforcement motor vehicle used by an officer employed by the agency to make traffic and pedestrian stops is equipped with video camera and transmitter-activated equipment and each law enforcement motorcycle regularly used to make traffic and pedestrian stops is equipped with transmitter-activated equipment; and

(b) each traffic and pedestrian stop made by an officer employed by the agency is recorded by using the video and audio or audio equipment, as appropriate.

A definition for law enforcement motor vehicle will need to be included. Vehicles used mainly by staff officers are sometimes used for enforcement purposes. Does not having mobile video equipment in these cars occasionally used for enforcement purposes negate the exception on reporting?

15. A peace officer who stops a driver of a motor vehicle to conduct a sobriety check point or road block shall not be exempt from the reporting requirements under section 8, unless a peace office complies with the provision of section 12.

Sobriety check points will become less frequent in high volume locations, if data collection is required from all motorists stopped. Time delays and the inconvenience of motorists stopped will be a problem with more lengthy encounters.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration (OA)** indicated this amendment revises Section 590.650 RSMo, related to racial profiling. The provisions include a mandatory withholding of state funds for law enforcement agencies found non-compliant with the Act by the Department of Public Safety. The Office of Administration, Division of Budget and Planning would be responsible for implementing the Governor's withholding. OA officials anticipate any additional costs to be absorbed within existing resources.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from **St. Louis County** indicated that if this amendment is passed, it could potentially produce a significant fiscal impact on the St. Louis County Police Department.

Section 3 of this act requires that each law enforcement agency in the state will adopt a detailed written policy on racial profiling. It also mandates that traffic stop information will be collected when a citation is issued, or an arrest results from a traffic stop. This information includes the age, gender, and race of the individual detained, the county or municipality where the individual resides, whether a search was conducted, and if there was consent to that search. The agency will compile and submit this information to the attorney general annually. Upon adoption of this policy, a law enforcement agency will also examine the feasibility of installing video camera and transmitter-activated equipment in each law enforcement motor vehicle used to make traffic stops.

Section 8 of the Racial Profiling Prevention Act requires that a peace officer that stops a vehicle for an alleged violation of a traffic law or ordinance or who stops a pedestrian for any suspected offense will report to their law enforcement agency information relating to that stop. This information shall include:

- Person's gender
- Person's race as stated, or determined by the officer to the best of their ability
- Traffic law or ordinance alleged to have been violated or the suspected offense
- The county, municipality, or political subdivision where the person resides
- Whether a search was conducted as a result of the stop, and if there was consent to the search
- Whether contraband was discovered during the search, and the type of contraband
- Whether probable cause existed, and facts supporting probable cause
- Whether an arrest was made including the charge
- Location of the stop
- Whether a warning or citation was issued as a result of the stop

Section 9 of the Racial Profiling Prevention Act states that a law enforcement agency must compile the information from Section 8 into a report to be submitted to the attorney general no later than the first of March each year.

Section 12 states that a peace officer is exempt from the reporting requirements under Section 8, and the law enforcement agency is exempt from the reporting requirements under Section 9 if during the calendar year, each law enforcement motor vehicle used to make traffic and pedestrian stops is equipped with video camera and transmitter-activated equipment, and each stop is recorded.

Section 13 states that any agency exempt from requirement under Section 9, shall keep the video and audio documentation for at least 90 days. If a complaint was filed, the documentation shall be kept until the completion of the complaint investigation.

Section 14 states that Section 12 exemptions do not affect policy making, collection, or reporting under Section 3.

In summary, if a law enforcement agency in the state outfits their vehicles with video camera and transmitter-activated equipment with each stop being recorded, the agency will be able to provide a shorter annual report to the state. If a law enforcement agency chooses not to outfit their vehicles with video and audio equipment, they will need to provide the state with a more detailed annual report to now include information on pedestrian stops, as well as traffic stops.

After consulting with unit supervisors, the following yearly cost estimate was created if department vehicles are outfitted with video and audio equipment:

- 1) Vehicle and Supply Unit: approximately \$1,938,000.00, for purchasing, installing, and maintaining video and audio equipment in all 375 police patrol vehicles.

After consulting with unit supervisors, the following yearly cost estimate was created if department vehicles are not outfitted with video and audio equipment:

- 1) Computer Services Unit: \$3,040.00, for computer programmer's time to update racial profiling information on MobileNet.
- 2) Patrol: approximately \$189,000.00, monetary amount was determined by adding 5 minutes to a patrol officer's log time for racial profiling multiplied by the number of pedestrian stops multiplied by the amount of pay with benefits of the average police officer in St. Louis County for a minute. Pedestrian stops would estimate at around 70,000 per year based on roughly 90,000 traffic stops in 2010.
- 3) Planning and Analysis Unit: \$512.80, for research associate reporting time.

The total yearly projected cost is estimated at \$1,938,000.00 to outfit patrol vehicles with video and audio equipment. The total yearly projected cost is estimated at \$192,552.80 for the additional reporting requirements if patrol vehicles are not outfitted with video and audio equipment. Furthermore, these estimates do not include other cost factors such as additional computers, equipment, work stations and supplies if needed. Thus, the cost to the St. Louis County Police Department will probably be even greater than projected.

Officials from **Taney County** indicated they do not have a response to this fiscal note.

Officials from the **City of Jefferson** indicated they believe that the annual cost to the city if this petition becomes law is \$100,000 based upon an additional 10 minutes of staff per event with an annual 30,000 events falling under this petition.

Officials from the **City of Kansas City** indicated because the City of Kansas City operates a limited Airport Police activity through its Aviation Department that is limited to operations at the Kansas City International Airport and Charles B. Wheeler Downtown Airport the proposed Racial Profiling Prevention Act may apply to its operations. The mandates of the act to establish a process for complaints, to establish a public education program, to collect information and make reports, and to study whether to use video in vehicles are new mandates that will have some cost. The direct costs of these new

mandates cannot be determined at this time. However, because these would be new State mandates, the Hancock Amendment may require the State of Missouri to fund all the new mandates. If the State complies with those provisions of the Missouri Constitution there would be no direct costs to the city.

Insofar as these new mandates would apply to the Kansas City, Missouri, Police Department (KCPD), there would be indirect costs to the city through its annual funding of the KCPD. Requiring the city to fund those new state activities performed by the KCPD could also be subject to the Hancock Amendment, thus making the cost to the city minimal, because the State of Missouri would be required to pay for the new mandates to the city. Because of the KCPD's independent status the city can make no accurate estimate on the costs believed by the KCPD to be incurred by his proposed legislation.

Officials from the **City of Kirkwood** indicated their analysis determined that the estimated cost annually will be \$11,330.

Officials from the **City of St. Joseph** indicated they would need to purchase about 20 more video cameras to equip each of our vehicles with one at a price of approximately \$6000 a camera (\$120,000). Data collection is currently very difficult and done by hand. This bill would make the reporting more complicated and the police department projects it would need to purchase the software for tracking, for our system which would cost approximately \$35,000 plus continuing maintenance.

Officials from **Hannibal 60 School District** indicated it does not appear to them that this initiative petition would have any fiscal impact, cost or savings, to their school.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Compliance with this proposal may result in state and local law enforcement agencies purchasing/upgrading computer software or purchasing cameras for law enforcement

vehicles. Those costs will vary by agency based on prior expenditures for these items and compliance decisions made.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-37)

Subject

Initiative petition from Anne Adams regarding a proposed constitutional amendment to Article III. (Received April 12, 2011)

Date

May 2, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that costs can be absorbed with existing resources.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated the petition, if passed, will have no anticipated cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated there should be no added costs or savings to their office if this petition is passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from **Greene County** indicated they do not anticipate any fiscal impact for their county.

Officials from the **City of Jefferson** indicated they believe there would be no fiscal impact should this petition become law.

Officials from the **City of Kansas City** indicated they would experience no direct costs as a result of adoption of this proposal.

Officials from the **City of St. Joseph** indicated this petition would have no known fiscal cost or savings for their jurisdiction. They said it could have an impact if the citizen initiative it refers to had a negative impact on the local jurisdiction and the General Assembly was unable to repeal it.

Officials from **Hannibal 60 School District** indicated it does not appear this initiative petition will have any fiscal impact, cost or savings, on their school.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Jackson County Legislators**,

St. Louis County, the City of Columbia, the City of St. Louis, the City of Springfield, Cape Girardeau 63 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.

Fiscal Note Summary

The proposal is estimated to result in no direct costs or savings to state and local governmental entities.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-38)**

Subject

Initiative petition from Anne Adams regarding a proposed constitutional amendment to Article III. (Received April 12, 2011)

Date

May 2, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that costs can be absorbed with existing resources.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated the petition, if passed, will have no anticipated cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated there should be no added costs or savings to their office if this petition is passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from **Greene County** indicated they do not anticipate any fiscal impact for their county.

Officials from the **City of Jefferson** indicated they anticipate no fiscal impact should this petition become law.

Officials from the **City of Kansas City** indicated they would experience no direct costs as a result of adoption of this proposal.

Officials from the **City of St. Joseph** indicated this petition would have no known fiscal cost or savings for their jurisdiction. They said it could have an impact if the citizen initiative it refers to had a negative impact on the local jurisdiction and the General Assembly was unable to repeal it.

Officials from **Hannibal 60 School District** indicated it does not appear this initiative petition will have any fiscal impact, cost or savings, on their school.

Officials from **Rockwood R-VI School District** indicated they anticipate neither cost nor savings from this initiative petition.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

The proposal is estimated to result in no direct costs or savings to state and local governmental entities.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-39)

Subject

Initiative petition from Marc Ellinger regarding a proposed amendment to Chapter 149 of the Revised Statutes of Missouri. (Received May 13, 2011)

Date

June 2, 2011

Description

This proposal would amend Chapter 149 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Jefferson**, the **City of Kirkwood**, the **City of St. Louis**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Metropolitan Community College**, and **University of Missouri**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact on their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated:

This proposal, if passed, would increase the tax on cigarettes by \$1.00 per pack for tobacco manufacturers that did not sign on to the Tobacco Master Settlement agreement. This will result in an unknown increase of total state revenue to be deposited in the Healthy Missouri Fund.

This initiative petition would impose a supplemental tax of \$1.00 per pack of 20 cigarettes on the cigarettes of non-participating manufacturers. This tax would be in addition to any other tax currently levied on cigarettes. The revenues from this tax would be deposited into the Healthy Missouri Fund and used to fund: 1) tobacco education; 2) tobacco cessation; and 3) the Attorney General's cost for administration and enforcement of the Tobacco Master Settlement Agreement. A portion of the revenue deposited into the Healthy Missouri Fund may be appropriated to the Department of Health and Senior Services (DHSS) to provide tobacco education and cessation programs.

The Initiative Petition does not state which department(s) will receive monies deposited in the Healthy Missouri Fund. However, the DHSS assumes a portion of the funding may be provided to the department to implement/fund tobacco education and tobacco cessation programs. If a portion of the revenue is allocated to the DHSS, the department could use the monies to fund cessation efforts such as the Missouri Tobacco Quitline and could have funding for tobacco prevention and education efforts aimed at keeping youth from starting tobacco use and getting adults to quit. The amount of money the DHSS would receive to implement tobacco related program(s) is unknown.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated the petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department due to this initiative petition.

Officials from the **Department of Revenue** indicated:

Several state agencies receive funding from cigarette sales. If the number of cigarettes sold decreases, Jackson County and St. Louis County may be negatively impacted as each have a cigarette tax. If passed, the legislation would place a \$1.00 supplemental tax on all non-participating manufacturers' cigarettes. This legislation would increase state revenue.

Based upon sales of approximately 550 million stamps during FY10 this would mean that about \$104 million stamps would have been for non-participating manufacturers.

This supplemental tax would raise approximately \$101 million (based upon a 3% allowance for stamping).

Summary of the proposed petition changes to Section 149.220

- A supplemental tax imposed on tobacco products, a supplemental tax upon the purchase, storage, use, consumption, handling, distribution, or wholesale sale of nonparticipating manufacturer cigarettes will be imposed at \$1.00 per pack.
- The wholesaler will pay the tax and the department will collect the tax.
- Revenues generated by this tax will be deposited in the Healthy Missouri Fund and used for:
 - Funding tobacco education in Missouri,
 - Funding tobacco cessation programs in Missouri, and
 - Funding enforcement and administration of the Master Settlement Agreement by the Attorney General.
- Nonparticipating manufacturer will have the same meaning as the term defined in Section 196.1020.

Detailed estimated revenue calculation

During fiscal year 2010, approximately 19 percent (18.91%) of cigarette sales were from non-participating manufacturers. Based upon sales of approximately 550 million (549,836,000) stamps during FY10, approximately 104 million stamps ($550 \times .1891$) were stamps affixed to non-participating manufacturer cigarette packs.

If a similar amount of stamps are sold following the effective date of this statutory change, this supplemental tax could annually raise approximately \$101 million based upon a three percent (3%) allowance for stamping. Department officials indicated they are unable to determine if the increase in tax would contribute to a loss of sales of non-participating manufacturer's cigarettes, or if there would be decreased revenue from stockpiling product in advance of the increase if no language is added to prevent the addition of the tax to current inventory of retailers.

Expected implementation changes and costs

The department will need to create / change ordering and reporting forms.

Changes to the Peachtree accounting program would need to be made.

The Department of Revenue would need to notify the 120 licensed cigarette wholesalers of the rate increase. Sufficient time would be needed to ensure that they are able to purchase the new stamps in advance of the effective date. (120 Mailings x \$0.505= \$60.60)

Department officials provided the following additional comments:

- This legislation does not specify an effective date. Department officials recommend an effective date of July 1, 2013 be added to the proposed legislation.
 - At a minimum, department officials said they would need 3 months to provide for contracting and printing of new tax stamps.
 - In addition, tax stamps for the fiscal year may have already been purchased and this would allow for properly allocating the ordering of the new stamps in the next FY budget.
 - An effective date is also needed to ensure that cigarette wholesalers have sufficient time to acquire the new stamps.
- Changes may be needed to Chapter 149 to ensure that all penalty provisions provided in the chapter apply to the new section.
- Currently the Department of Revenue stocks and sells nine (9) tax stamps:
 1. State Only 20's – 4,000 roll,
 2. State Only 20's – 30,000 roll
 3. State only 25's – 4,000 roll
 4. State/St. Louis County 20's – 4,000 roll
 5. State/St. Louis County 20's – 30,000 roll
 6. State/St. Louis County 25's – 4,000 roll
 7. State/Jackson County 20's – 4,000 roll
 8. State/Jackson County 20's – 30,000 roll
 9. State/Jackson County 25's – 4,000 roll.
- 10. Department officials said they would need an additional nine (9) new stamps for wholesalers to use when stamping non-participating manufacturer cigarettes.
- Department officials recommend adding verbiage requiring that wholesalers be required to affix the proper stamp on all sales of non-participating manufactures' on the effective date and that retailers be prohibited from adding the supplemental tax to any product in their inventory as of the effective day. This would prevent big retailers from stockpiling product to try and reap a windfall when the supplemental tax rate goes into effect. (See suggested language below).

- Each licensed wholesaler shall ensure that on all sales of non-participating manufacturer cigarettes made on or after the effective date, the proper non-participating manufacturer stamp is affixed and any wholesaler that fails to affix the proper stamp shall be subject to the penalty provisions as provided for in 149.051.
- Retailers shall be prohibited from adding the supplemental tax to the price of non-participating manufacturer cigarettes in their inventory as of the effective date of this legislation unless the packs of cigarettes have the proper stamp affixed.

Officials from the **Department of Public Safety** indicated they assume this proposal will have no fiscal impact.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated:

This proposal imposes an additional tax of \$1 per pack of 20 cigarettes produced by nonparticipating manufacturers (NPMs) as this term is defined in Section 196.1020 RSMo. These revenues are deposited in the Healthy Missouri Fund¹ to be used for tobacco education, tobacco cessation programs, and enforcement and administration of the Master Settlement Agreement.

The proposed amendment to the Revised Statutes of Missouri should not result in additional costs or savings to the Office of Administration should it be approved by the voters.

The Division of Budget and Planning (BAP) calculates the impact of the tax increase by estimating the quantity of packs currently sold, applying the midpoint formula for elasticity to estimate the new quantity of packs, then calculating increased revenues.

¹ Technical Comment: Currently, there is no Healthy Missouri Fund existing in state statutes. BAP assumes the intent is to establish the Healthy Missouri Fund in the state treasury.

BAP notes the following:

1. BAP estimates the current retail price of one cigarette pack is \$4.50 = \$4.33 price + \$0.17 excise tax.² Given the nature of the proposal and anecdotal information, it is likely the price of NPM cigarettes is less than this.
2. This analysis does not include additional impacts of any retail sales taxes.
3. The website "Tobacco Free Kids" estimates the average cigarette tax as \$1.45 per pack, as of August 3, 2010.³ A tax of \$1.17 (the proposed \$1 plus the existing tax of \$0.17) would be below this average, but would exceed the tax rate of every neighboring state except for Iowa (\$1.36).
4. State cigarette taxes in FY10 totaled \$91,151,815, according to the DOR.⁴
5. A recent ratings report by Standard & Poor's estimates the market share of NPM cigarettes is about 7%.⁵ The DOR reports to BAP that, according to internal data, NPMs comprise approximately 19% of purchases of cigarette stamps.
6. "Elasticity" is the ratio of the change in quantity sold to the change in price. The CDC estimates the cigarette price elasticity as -0.4,⁶ which suggests a 4% drop in sales for each 10% increase in cost. However, research by Goolsbee (2004)⁷ demonstrates the elasticity for state cigarette taxes likely exceeds -1.2, and could exceed -2.0, depending on internet access.
7. Given the above estimate, and considering the ease with which in-state consumers could substitute cigarettes made by other manufacturers, the likelihood of lost purchases by out-of-state consumers, and the possibility that retailers might stockpile cigarettes at the lower tax rate, BAP surmises the elasticity could exceed -2.0.
8. This analysis uses the midpoint-method to estimate the new quantity (Q2) of cigarette packs taxed as a result of the tax increase:
$$E = \{(Q2-Q1) / \text{AVG}(Q2,Q1)\} / \{(P2-P1) / \text{AVG}(P2,P1)\}$$

Based on this information, BAP uses the midpoint formula described above with these assumptions: retail price of \$4.50, 7% market share for NPMs, and elasticity of -1.2. This leads to an estimated revenue increase of \$28.1M, as presented in Table 1.

² "Tax Burden on Tobacco, FY 2010,"

http://nocigtax.com/upload/file/148/Tax_Burden_on_Tobacco_vol._45_FY2010.pdf, accessed May 17, 2011.

³ <http://www.tobaccofreekids.org/research/factsheets/pdf/0222.pdf>, accessed May 16, 2011.

⁴ <http://dor.mo.gov/pdf/financialstatreport10.pdf>

⁵ Standard & Poor's Ratings Direct, August 24, 2010, accessed May 16, 2011.

<http://www2.standardandpoors.com/spf/pdf/events/SFTcon81010Article2.pdf>

⁶ http://www.cdc.gov/tobacco/data_statistics/fact_sheets/economics/econ_facts/index.htm, accessed May 16, 2011.

⁷ <http://faculty.chicagobooth.edu/austan.goolsbee/research/cigsdraft.pdf>, accessed May 16, 2011

Table 1.

	Current (FY10)	New
Tax (per pack)	\$0.17	\$1.17
Estimated Cost Per Pack	\$4.50	\$5.50
Estimated Packs with Tax Increase, using Midpoint Formula		
FY10 Revenues		\$91,151,815
FY10 Revenues from NPMs	7%	\$6,380,627
P1		\$4.50
P2		\$5.50
Q1		37,533,100
Estimated Elasticity		-1.2
Q2		29,490,293
Total Revenues		\$34,503,643
Increased Revenues		\$28,123,016

Alternative values for the retail price, market share, and elasticity could be \$3.50, 19%, and -2.0 respectively, based on the discussion above. Table 2 presents estimated increases using the various combinations of these variables.

Table 2.

Option	Market Share	Elasticity	Retail Price	Estimated Increase
1	7%	-2.0	3.50	\$19,967,609
2	7%	-2.0	4.50	\$22,895,191
3	7%	-1.2	3.50	\$26,077,346
4	7%	-1.2	4.50	\$28,123,016
5	19%	-2.0	3.50	\$54,197,797
6	19%	-2.0	4.50	\$62,144,091
7	19%	-1.2	3.50	\$70,781,366
8	19%	-1.2	4.50	\$76,333,901

The results are sensitive to the assumed levels of the variables, particularly the market share, but BAP does not have further data indicating which combination of levels is the most applicable for this analysis. Therefore, BAP estimates the impact of this proposal to be an increase of \$20.0M to \$76.3M for the newly created Healthy Missouri Fund.

Officials from the **Office of State Courts Administrator** indicated there will be no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no immediate fiscal impact on their office. Please defer to the Department of Revenue and the Office of Administration.

Officials from the **City of Jefferson** indicated the city estimates no fiscal impact if this ordinance become law.

Officials from the **City of Kirkwood** indicated on behalf of Chief Administrative Officer Michael Brown, there is no financial impact on Kirkwood assuming that the existing tax rate paid to the City is not reduced or eliminated.

Officials from **Hannibal 60 School District** indicated they do not believe this initiative petition will have a cost or cost savings to their school district. If there is any affect at all, they would hope funding would be available should school districts be requested to assist with tobacco education.

Officials from **Rockwood R-VI School District** indicated the district anticipates no financial impact from this initiative petition.

Officials from **Metropolitan Community College** indicated this petition would have no direct fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Governor's office**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of St. Louis**, and **University of Missouri**.

Fiscal Note Summary

Estimated additional revenue to state government from this proposal is \$20 million to \$100 million annually with limited estimated implementation costs. The revenue will fund only programs and actions allowed by the proposal. No costs or savings are expected for local governments. Any possible change in revenue for local governments is unknown.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-40)

Subject

Initiative petition from Anne Adams regarding a proposed constitutional amendment to Article III. (Received May 20, 2011)

Date

June 8, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the fiscal impact of this initiative petition is unknown because of the vague and unclear language. If the intent of

the language in Section 54.(3) is to nullify the changes made to Prop B in the most recent legislative session, there could be substantial costs associated with this initiative petition.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact for their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact fiscal note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no direct fiscal impact to their department.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated there should be no added costs or savings to their office if this petition is passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no immediate fiscal impact on their office. Please defer to the Department of Revenue and the Office of Administration.

Officials from **Greene County** indicated they do not anticipate any fiscal impact for their county.

Officials from the **City of Kansas City** indicated there will be no fiscal impact on the City of Kansas City from the enactment of this proposal.

Officials from the **City of St. Joseph** indicated on the face of it, this initiative would have no direct cost or savings. However, depending on the citizen's initiative in question, if the General Assembly couldn't repeal or revise, there could be dramatic costs or savings.

Officials from **Rockwood R-VI School District** indicated they do not anticipate any cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated there will be no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Public Safety**, the **Governor's office**, **Boone County**, **Cole County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the, **City of Jefferson**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

The proposal is estimated to result in no direct costs or savings to state and local governmental entities.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-41)**

Subject

Initiative petition from Anne Adams regarding a proposed constitutional amendment to Article III. (Received May 20, 2011)

Date

June 8, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the fiscal impact of this initiative petition is unknown because of the vague and unclear language. If the intent of

the language in Section 54.(3) is to nullify the changes made to Prop B in the most recent legislative session, there could be substantial costs associated with this initiative petition.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact for their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact fiscal note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no direct fiscal impact to their department.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated there should be no added costs or savings to their office if this petition is passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no immediate fiscal impact on their office. Please defer to the Department of Revenue and the Office of Administration.

Officials from **Greene County** indicated they do not anticipate any fiscal impact for their county.

Officials from the **City of Kansas City** indicated there will be no fiscal impact on the City of Kansas City from the enactment of this proposal.

Officials from the **City of St. Joseph** indicated on the face of it, this initiative would have no direct cost or savings. However, depending on the citizen's initiative in question, if the General Assembly couldn't repeal or revise, there could be dramatic costs or savings.

Officials from **Rockwood R-VI School District** indicated they do not anticipate any cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated there will be no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Public Safety**, the **Governor's office**, **Boone County**, **Cole County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the, **City of Jefferson**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

The proposal is estimated to result in no direct costs or savings to state and local governmental entities.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-42)

Subject

Initiative petition from Anne Adams regarding a proposed constitutional amendment to Article III. (Received May 20, 2011)

Date

June 8, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the fiscal impact of this initiative petition is unknown because of the vague and unclear language. If the intent of

the language in Section 54.(3) is to nullify the changes made to Prop B in the most recent legislative session, there could be substantial costs associated with this initiative petition.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact for their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact fiscal note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no direct fiscal impact to their department.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated there should be no added costs or savings to their office if this petition is passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no immediate fiscal impact on their office. Please defer to the Department of Revenue and the Office of Administration.

Officials from **Greene County** indicated they do not anticipate any fiscal impact for their county.

Officials from the **City of Kansas City** indicated there will be no fiscal impact on the City of Kansas City from the enactment of this proposal.

Officials from the **City of St. Joseph** indicated on the face of it, this initiative would have no direct cost or savings. However, depending on the citizen's initiative in question, if the General Assembly couldn't repeal or revise, there could be dramatic costs or savings.

Officials from **Rockwood R-VI School District** indicated they do not anticipate any cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated there will be no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Public Safety**, the **Governor's office**, **Boone County**, **Cole County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the, **City of Jefferson**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

The proposal is estimated to result in no direct costs or savings to state and local governmental entities.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-43)

Subject

Initiative petition from Anne Adams regarding a proposed constitutional amendment to Article III. (Received May 20, 2011)

Date

June 8, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the fiscal impact of this initiative petition is unknown because of the vague and unclear language. If the intent of

the language in Section 54.(3) is to nullify the changes made to Prop B in the most recent legislative session, there could be substantial costs associated with this initiative petition.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact for their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact fiscal note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no direct fiscal impact to their department.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated there should be no added costs or savings to their office if this petition is passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no immediate fiscal impact on their office. Please defer to the Department of Revenue and the Office of Administration.

Officials from **Greene County** indicated they do not anticipate any fiscal impact for their county.

Officials from the **City of Kansas City** indicated there will be no fiscal impact on the City of Kansas City from the enactment of this proposal.

Officials from the **City of St. Joseph** indicated on the face of it, this initiative would have no direct cost or savings. However, depending on the citizen's initiative in question, if the General Assembly couldn't repeal or revise, there could be dramatic costs or savings.

Officials from **Rockwood R-VI School District** indicated they do not anticipate any cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated there will be no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Public Safety**, the **Governor's office**, **Boone County**, **Cole County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the, **City of Jefferson**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

The proposal is estimated to result in no direct costs or savings to state and local governmental entities.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-44)

Subject

Truly Agreed To and Finally Passed Senate Joint Resolution No. 2. (Received May 26, 2011)

Date

June 14, 2011

Description

This proposal would amend Article VIII of the Constitution of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Cole County Public Works**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **St. Louis County Election Board**, **St. Louis City Election Board**, **Kansas City Election Board**, **Platte County Board of Elections**, **Jackson County Election Board**, and **Clay County Election Board**.

Assumptions

Officials from the **Attorney General's office** indicated they assume costs can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact as a result of this legislation.

Officials from the **Department of Higher Education** indicated that the proposal contained in this Senate Joint Resolution would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this legislation may have an impact on local public health departments. Individuals may obtain a copy of their certified birth certificate through a local public health department. The cost is \$15 per birth certificate; however, the revenue generated is retained by the local health agency for local public health purposes.

They said it is unknown if this legislation will directly affect total state revenue. The legislation could result in an unknown increase in revenue to General Revenue, the Children's Trust Fund, the Endowed Care Cemetery Audit Fund, and the Missouri Public Health Service Fund.

The fee for a certified copy of a birth certificate is \$15.00. This revenue is divided between four funds. Funds affected include the Children's Trust Fund, which would collect \$5.00 per certificate; General Revenue would collect \$4.00 per certificate; the Endowed Care Cemetery Audit Fund would collect \$1.00 per certificate; and the Missouri Public Health Services Fund (MOPHS) would collect \$5.00 per certificate. There is an additional \$15.00 fee to establish a delayed birth record, in which revenue is distributed using this same distribution. The Department of Health and Senior Services is unable to determine how many additional birth certificates will be issued as a result of this legislation, and therefore, assumes an unknown amount of revenue will be deposited in these funds.

Individuals may also obtain a certified copy of their birth certificate at a local public health department. The cost is still the same; however, the revenue generated is retained by the local health agency for local public health purposes. This revenue is not considered state revenue.

Section 9 may require voters to identify himself or herself and verify his or her qualifications as a US citizen and a Missouri resident by providing a valid government-issued photo identification to election officials. It may cause an increase in the number of certified birth certificates issued for those without a Missouri driver's license or non-driver's license. It could also impact the number of applicants for delayed birth certificates. If an individual does not possess a valid form of personal photo identification, it may require them to obtain a copy of his/her certified birth certificate to acquire a driver's or non-driver's license. For individuals whose birth has not been recorded, it may cause them to apply for a delayed birth certificate. It is unknown and

difficult to estimate the number that might be required to apply to the Bureau of Vital Records for these records.

The legislation could result in an unknown increase in revenue to General Revenue, the Children's Trust Fund, the Endowed Care Cemetery Audit Fund, and the Missouri Public Health Service Fund. The proposed legislation could also result in an unknown impact to the Bureau of Vital Records to issue the increased demand for birth certificate records.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Revenue** (DOR) indicated Senate Joint Resolution 2 will not have a fiscal impact on their department, however, if Senate Joint Resolution 2 is passed by the voters, than Senate Bill 0003 will be enacted and this will have a fiscal impact on their department. There will be an increased cost to the state of Missouri to pay the transaction fees for all applicants requesting and being issued a nondriver identification document for voting and waiving the nondriver license fee. They estimated the costs to the state General Revenue Fund would be \$3,294,219 in fiscal year 2012, \$2,021,281 in fiscal year 2013, and \$2,023,272 in fiscal year 2014.

DOR officials provided the following summary of how passage of the petition would affect the agency.

Section 115.276 - Proposes new section to allow election authorities to establish advanced voting centers and defines advanced voting periods. No Driver License Bureau (DLB) impact.

Section 115.276.4 - Proposes to add the counting of votes may be done by any automatic tabulating equipment or electronic data processing equipment. No DLB impact.

Section 115.427.1 - Proposes only certain documents may be used to establish identity and eligibility to vote and lists Missouri driver and nondriver licenses. No DLB impact.

Section 115.427.1(3) - Proposes to add to list of acceptable identification documents for voting purposes. No DLB impact.

Section 115.427.1(4) - Proposes change from "photographic or digital image" to photograph. No DLB impact.

Section 115.427.2 - Proposes that election authority costs for implementation of photo identification requirements are to be reimbursed from general revenue. No DLB impact.

Section 115.427.3 - Election judges may also inform voters of identity and eligibility requirements at polling places. No DLB impact.

Section 115.427.4 and 115.427.5 - Proposes change to add the inability to pay for a birth certificate or other supporting documentation necessary to obtain identification required as a reason to complete an affidavit at the time of voting. No DLB impact.

Section 115.427.6(1) - Proposes to add a requirement to return to "election authority within three days after the election" for the provisional ballot to be counted. No DLB impact.

Section 115.427.7 - Proposes change to require election authority to provide advance notice of acceptable "forms" of personal identification. No DLB impact.

Sections 115.427.8; 115.427.9 - Proposes that "the state and all fee offices shall provide at least one form of the personal identification required to vote at no cost to any otherwise qualified voter who does not already possess such identification and who desires the identification in order to vote." Total cost with nondriver license under this section will be borne by the state from funds appropriated to the department for those specific reasons.

- The changes also remove the prior requirement for mobile processing units.
- The proposed change will require development, programming and testing of changes to the Missouri Electronic Driver License system as part of the pending .NET upgrade project and supporting programs to allow issuance of the no fee document.
- The change will require development of procedures related to issuance of a nondriver identification for voting purposes and related affidavit.
- The proposed change will require communication to the public through web site updates and other potential sources to make them aware of the availability of the nondriver identification for voting purposes.
- The proposed change will require development of a process for distributing the amount of office processing fees back to the license offices for all nondriver for voting transactions. This money would have to be appropriated to the department for distribution to the offices as required.

The proposed language also requires applicants requesting a nondriver identification for voting purposes to sign an affidavit averring the applicant does not have any other form of personal identification that meets the requirements of the proposed language.

- This will require the department to develop nondriver identification for voting affidavit.

The total cost for processing and issuing any nondriver license photo identification must be paid for by the state of Missouri from funds appropriated to the Department of Revenue for that specific purpose.

The proposed language requires the department to prepare and deliver a report by January 1st of each year, documenting the number of individuals requesting an identification document for voting purposes. The report must also include the number of persons requesting identification for voting purposes, but not receiving such document, and the reason the document was not issued.

- This will require development and testing of a program to track applicants who have received or who have been denied a nondriver identification for voting purposes and the reason for the denial.

Bill removes former subsections 115.427.13 to 115.427.15

There will be an increased cost to the state of Missouri to pay the transaction fees for all applicants requesting and being issued a nondriver identification document for voting and waiving the nondriver license fee.

DOR officials provided the following administrative impact analysis

The department assumes the nondriver license transaction fee and processing fee allowed under section 136.055 would be waived. The actual total cost of the nondriver identification will be paid for by the state of Missouri which will need to be appropriated.

To determine an estimated number of potential applicants who may be eligible for a nondriver (photo identification) at no cost, the department compared the voter records on file with the Secretary of State to the current document holders on record with the Department of Revenue. This comparison was completed in March 2009. Updated statistics were not available.

253,496	Estimated number of individuals registered to vote who do not have photo identification on file with the Department of Revenue as of March 2009.
<u>125,795</u>	Estimated number of individuals with an expired photo identification document on file with the Department of Revenue, who may need to obtain an updated nondriver license for voting purposes
379,291	Total estimated number of those who may be eligible for a nondriver license (photo identification) document at no cost.
x 50%	Estimated number of individuals who would apply for a nondriver license for voting purposes (based on average voter turnout for Missouri (derived from 2006 information)
189,645	Potential nondriver license applicants in the first year of implementation (FY2012)
189,646	Remaining number of registered voters who may be eligible for a photo identification document after first year of implementation. Based on 2009 counts
÷ 2	
94,823	Estimated number of registered voters who may apply during subsequent fiscal years (FY2013 and FY2014).

In addition, because the language allows a person to apply for a nondriver license at no cost by signing an affidavit indicating they do not have a valid photographic identification document, applicants who have held a document previously and have lost it, allowed it to expire, or other reasons, may now obtain a nondriver license at no cost.

174,127	Total new, renewal and duplicate nondriver licenses issued in FY 2009
<u>x 25%</u>	Estimated number of applicants with prior document on file that would utilize the affidavit for a new, renewal or duplicate nondriver license, indicating they do not have any other acceptable form of photographic identification for voting purposes, making them eligible for a nondriver license at no cost to the applicant.
43,532	Estimated annual nondriver license applicants with prior document on file.

Licensing Cost

FY 2012	
189,645	Potential nondriver license applicants first year of implementation FY2012
<u>43,532</u>	Estimated annual nondriver license applicants (previous document)
233,177	Total
<u>x \$2.16</u>	Per document vendor cost for licensing material
\$503,662	Total estimated vendor cost FY 2012 for licensing material
Licensing Costs FY 2013 and FY 2014	
94,823	Estimated number of current registered voters who may apply during subsequent fiscal years FY 2012 and FY 2013
<u>43,532</u>	Estimated annual nondriver license applicants (previous document)
138,355	Total
<u>x \$2.16*</u>	
\$298,847	Total estimated vendor cost FY 2013 and FY2014 for licensing material

* NOTE: Per document price will increase in FY 2012 and beyond due to expiration of the current contract and award of new driver license hardware and card production contract.

Direct Public Inquiries

While the Secretary of State is responsible for notifying individuals of the requirement to obtain photo identification for voting purposes, it is assumed that the majority of inquiries would be directed to the Department of Revenue as the document issuing agency.

Estimating a 50% potential applicant inquiry, the department assumes that approximately 123,622 (28,800 +94,822) inquiries through the central office will be received during the first implementation year and approximately 76,200 (28,800 + 47,400) calls in subsequent years. To provide the best call-in service for Missouri citizens the department will need to add 5 FTE to handle the additional telephone inquiries.

123,622	Total potential applicants/inquiries first year of implementation
$\div 264$	Total days of service per annual period
468	
$\div 100$	Estimated # of calls expected per TIO
5	Estimated # of TIO's required to handle increased call volume FY 2012

Driver License Bureau (DLB)

The proposed changes will require:

- Draft updates to web site information related to nondriver licenses for voting purposes.
- Update office procedures.
- Develop format for nondriver license for voting purposes affidavit.
- Development of Missouri Electronic Driver License (MEDL)* system change requirements documents to define changes to issuance periods for a no cost driver license or nondriver license for voting and completion of end-user testing by internal staff. This will require overtime from existing staff in order to perform the testing. See below.

FY 12

Update Web Page - Administrative Analyst III	10 hrs @ \$22 = \$ 220
Develop Affidavit - Management Analysis Spec I	40 hrs @ \$20 = \$ 800
Develop Procedures - Management Analysis Spec I	40 hrs @ \$20 = <u>\$ 800</u>
	Total = \$1,820

Requirements and procedures development and end user testing by DLB:

Administrative Analyst -	160 hrs @ \$24(1 1/2) per hr =	\$3,840
Management Analyst Specialist II -	240 hrs @ \$23 per hr =	\$5,520
Revenue Band Manager -	40 hrs @ \$30 per hr =	<u>\$1,200</u>
	Total =	\$10,560

*NOTE: These estimates are given based on incorporating changes into the proposed MEDL application conversion project which will convert the driver license application to a .NET environment. The estimated implementation for this project is November 2012. If this is passed by voters and implemented into law with an implementation date earlier than November 2012 the overall fiscal impact may increase.

OA- Information Technology

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's driver license legacy systems, changes cannot be made without significant impact to the department's resources and budget.

Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$4,000. The value of the level of effort is calculated by an Over the Counter (OTC) contractor at \$100 per hour for 40 hours.

Revenue Impact

The proposed language states "the total cost associated with nondriver license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the Department of Revenue for that specific purpose." This money would have to be appropriated to the department for distribution to the license (fee) offices as required.

For purposes of this fiscal note the department assumes this includes only the nondriver license (NDL) cost under Section 302.181 and the processing fee allowed under Section 136.055 for the license (fee) offices. Depending on the definition of 'total cost,' the revenue impact could be increased or decreased.

FY 2012	
233,177	Total Estimated NDL applicants FY 2012
x \$6.00	Nondriver License Fee
\$1,399,062	Total estimated potential loss of revenue in FY 2012
FY 2013 and 2014	
138,355	Total estimated NDL applicants FY 2013 and 2014
x \$6.00	Nondriver License Fee
\$830,130	Total estimated potential loss of revenue in FY 2013 and 2014
Fee Office Processing Fees to be reimbursed to contracted license offices	
FY 2012	
233,177	Total Estimated NDL applicants FY 2012
x \$5.00	Nondriver License Processing Fee
\$1,165,885	Total estimated potential loss of revenue in FY 2012
FY 2013 and 2014	
138,355	Total estimated NDL applicants FY 2013 and 2014
x \$5.00	Nondriver License Processing Fee
\$691,775	Total estimated potential loss of revenue in FY 2013 and 2014

DOR officials provided the following additional comments and statements on technical errors.

Comments

Section 115.427.8 - The department assumes an applicant for a driver license will not be eligible to sign the affidavit for purpose of obtaining the license document at no cost for voting purposes.

Section 115.427.8 - "The state of Missouri shall pay the legally required fees for any such applicant." The department assumes this section refers to the nondriver license fee only and not to fees required to obtain other documents to verify name, place of birth or date of birth, such as birth certificates, marriage licenses, etc.

The department assumes prior document holders who have lost their identification document, have allowed it to expire, or need a new document and do not have a valid document for voting purposes, will be allowed to sign the affidavit and apply for a no cost nondriver license for purposes of voting. If the sponsor's intent is to limit applicants to only one (1) no cost nondriver license for voting purposes it is suggested that the sponsor include the limitation in the language.

The proposed language states "the total cost associated with nondriver license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose." This money would have to be appropriated to the department for distribution to the license (fee) offices as required.

For purposes of this fiscal note the department assumes this includes only the nondriver license (NDL) cost under Section 302.181 and the processing fee allowed under Section 136.055 for the license (fee) offices. Depending on the definition of 'total cost,' the revenue impact could be increased or decreased. It is recommended that 'total cost' be defined.

The cost estimates presented in this fiscal note are given based on incorporating changes into the proposed Missouri Electronic Driver License conversion project which will convert the driver license application to a .NET environment. The estimated implementation for this project is November 2012. If the proposal is passed by voters and implemented into law with an implementation date earlier than November 2012, the overall fiscal impact may increase due to additional overtime costs to meet the implementation date.

Technical errors

Section 115.427.8 - "the state shall provide at least one such form..." It is recommended to remove "at least" so that it is clear that only one personal identification document at no fee is provided by the state.

Section 115.427.1 - "or the United States armed forces and that does not have an expiration date..." It is recommended to change the wording to that is not expired or does not have an expiration date.

The department assumes prior document holders who have lost their identification document, have allowed it to expire, or need a new document and do not have a valid document for voting purposes, will be allowed to sign the affidavit and apply for a no cost nondriver license for purposes of voting. If the sponsor's intent is to limit applicants to only one (1) no cost nondriver license for voting purposes it is suggested that the sponsor include the limitation in the language.

Officials from the **Department of Public Safety** indicated that they assume there will be no fiscal impact relative to this resolution.

Officials from the **Department of Social Services** indicated there will be no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this joint resolution.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated this proposal will have no fiscal impact on their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated:

Unless a special election is called for the purpose, Joint Resolutions are submitted to a vote of the people at the next general election. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people and Article XII

section 2(b) authorizes the governor to call a special election to submit constitutional amendments to a vote of the people.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, the Secretary of State's office reserves the right to request funding to meet the cost of the publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of this appropriation.

During the 2011 legislative session the general assembly passed Senate Bill 3 that becomes effective "upon the passage and approval by the voters of a constitutional amendment submitted to them by the general assembly regarding the authorization of advanced voting and photo identification requirements for election by general law." Therefore passage by the voters of SJR 2, in addition to the impact described above, will have an impact of \$3,741,882 in FY 2013, \$1,915,211 in FY 2014, \$4,383,720 in FY 2015, \$1,875,237 in FY 2016, \$2,803,758 in FY 2017 and a continued impact of between \$ 635,000 and \$2,800,000 every year thereafter.

This bill requires local election authorities to establish advance voting centers based on population for all statewide and federal primary and general elections.

Based on the 2010 census population numbers, the bill would require at least 20 additional voting centers for advance voting for a cost of \$84,240 per election.

Assumptions include:

Each advance voting center would be staffed by four election judges paid \$9 per hour for the 82 hours that they will be open for advance voting - a total of \$59,040 per election.

Election authorities would incur ongoing costs for maintenance of the voting centers, including rent, utilities, and broadband internet service, in the approximate amount of \$1,260 per voting center for one month or a total of \$25,200 per election.

Local election authorities would also incur one-time costs for the purchase of equipment necessary for advance voting at the voting centers, including accessible voting machines for disabled voters, laptop computers and printers.

Assumptions include:

- 1 accessible voting machine per satellite site= \$5,000
- 2 Laptop computers per satellite site = \$1,600
- 1 printer per satellite site = \$7,500
- \$14,100 per voting center multiplied by 20 voting centers = \$282,000 initial start up costs.

This bill requires the Secretary of State to provide advance notice of the personal ID documents required to vote. The advance notice provided by the SOS must include at a "minimum the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media."

For fiscal year 2013 advance notice advertisements will be provided upon approval by the voters of a constitutional amendment enacting section A of Senate Bill 3 and prior to the April 2013 election. For fiscal year 2014 advance notice advertisements will be provided to voters prior to the April 2014 election. For fiscal year 2015 advance notice advertisements will be provided to voters prior to the August 2014 and November 2014 elections. For all subsequent years advance notice advertisements will be provided to voters prior to each federal primary and general election.

Assumptions include:

- Production of radio and TV public service announcements- \$2,000
- Print ad to run twice before an election- \$203,284
- Cable television ad to run twice everyday for eight weeks- \$299,472
- TV and Radio ad to run through broadcast media- \$497,311
- Total- \$1,002,067

Upon the bill becoming effective, the Secretary of State will send a mailer to all registered voters to notify them of the new identification requirements at a cost of \$1,737,748. A similar mailer will be sent before the 2014 Primary Election. For all other elections, the Secretary of State's office will send mailings to newly registered voters prior to each election. Based on the estimated 375,680 newly registered voters in 2010, this mailer could cost \$157,786.

Assumptions include:

- Mailing to all registered voters:
4,137,495 registered voters x \$0.42 postage, printing and processing= \$1,737,748
- Mailing to newly registered voters prior to each election:
375,680 new registered voters x \$0.42 postage, printing and processing = \$157,786

The bill imposes new requirements on local election authorities in notifications, additional provisional ballots, trainings, affidavits and processes with regard to notifying and processing voters. These new state mandates must be funded as additional responsibilities under Article X, section 21 of the Missouri Constitution.

The photo id requirements of this bill are not limited to statewide elections but will affect every election. The cost per fiscal year will vary based on the number of elections held. In addition to the general municipal election each April and the primary and general elections in August and November of even numbered years, there are additional days available for public elections in February and in August and November of odd numbered years, which are used only as needed.

FY 2013

February 2013

\$ 1,737,748

1,002,067

April 2013

1,002,067

\$ 3,741,882 FY 2013 TOTAL

FY 2014

August 2013

\$ 157,786

November 2013

157,786

February 2014

157,786

April 2014

1,002,067

157,786

282,000

\$ 1,915,211 FY 2014 TOTAL

FY 2015

August 2014

\$ 1,737,748

1,002,067

84,240

November 2014

157,786

1,002,067
84,240
February 2015
157,786

April 2015
157,786

\$ 4,383,720 FY 2015 TOTAL

\$ 1,875,237 FY 2016 TOTAL

\$ 2,803,758 FY 2017 TOTAL

Officials from the **Office of the State Public Defender** indicated Senate Joint Resolution No. 2 will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there would be no immediate fiscal impact to their office.

Officials from **Callaway County** indicated:

Revenues: None

Savings: None

Costs: Using 2008 as a typical example of what costs will be incurred should SJR 2 be voted into law.

Using the 2008 Election as the template

Assuming one third of the voters would have used the "Advance Voting" method proposed in this "Advance Voting" initiative petition, versus voting on election day in their assigned precinct polling location county officials estimated that 6,502 voters would have used this process in the Federal General Election.

Additional Staffing for EACH Election

9 days with temporary office administrators to oversee the timely coordination of the entire process, including but not limited to setting up all procedures and touch screen election equipment, and handling the increased volume of voting paper work generated with "Advance Voting."

1 staff 9 days @ \$96/day	\$ 864.00
Overtime for 2 employees x 8 hrs x 2 Saturdays	\$ 528.00

Training

1 staff x \$96/day	\$ 96.00
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Voting supplies to comply with requirement to have proper voting devices at the advance voting location:

Miscellaneous election supplies	\$ 500.00
Publishing Costs (Advertising)	\$ 50.00
2 Cartridges for Election Equipment (one time expense)	\$ 800.00
2 Electronic Poll Books (one time expense)	\$ 2,180.00
Electronic Poll Book Subscription & Supplies	\$ 1,135.00

Total Estimated Expenses to implement SJR 2 for the Federal General Election in 2008 would have been:

Additional staffing	\$ 1,392.00
Training	\$ 96.00
Voting supplies	<u>\$ 4,665.00</u>
Total	\$ 5,793.00

Total Estimated Expenses to implement SJR 2 for 4 Elections in 2014:

Additional staffing	\$ 5,568.00
Training	\$ 384.00
Voting supplies	<u>\$13,104.00</u>
Total	\$19,056.00

Total Estimated Expenses to implement SJR 2 for 4 Elections in 2015:

Additional staffing	\$ 5,568.00
Training	\$ 384.00
Voting supplies	<u>\$11,252.00</u>
Total	\$17,204.00

Total Estimated Expenses to implement SJR 2 for 5 Elections in 2016:

Additional staffing	\$ 6,960.00
Training	\$ 480.00
Voting supplies	<u>\$14,065.00</u>
Total	\$21,505.00

Total Estimated Expenses to implement SJR 2 for 4 Elections in 2017:

Additional staffing	\$ 5,568.00
Training	\$ 384.00
Voting supplies	<u>\$11,252.00</u>
Total	\$17,204.00

Years 2014, 2015, 2016, and 2017 have not been adjusted to reflect inflation causing increases in salary and increased cost of supplies or rent. The possible increase in registered voters has not been adjusted either. The staffing costs are based on an estimate of hours to include polls open 8:00 A.M. to 5:00 P.M. from the third Saturday before the election until the first Tuesday before the election excluding Sundays. These hours are in keeping with the hours outlined in the proposed legislation and for the sole purpose of convenience to the voter.

Officials from **Cass County** indicated they estimate the fiscal impact of the above-referenced bill to be as follows for every year after this legislation becomes law:

Revenues: None

Savings: None

Costs:

Elections

ESTIMATED ADDITIONAL COST OF EARLY VOTING ELECTIONS FOR CASS COUNTY

- 1) Additional staffing in the office is going to be required to oversee the coordination of an Early Voting process

Part time Assistant Office Administrator	\$ 8,000.00
Two part time Office Clerks	\$ 6,000.00
- 2) Election Judges working during the Early Voting period \$ 16,000.00
- 3) Voting supplies required every election. Included but not limited to DRE programming (Touch screen voting devices), direct phone line and others. \$15,000.00
- 4) Start up election Equipment including but not limited to Electronic Poll Books, Computer, direct phone line and others. \$15,000.00
- 5) Voting location rent \$ 5,000.00

TOTAL AVERAGE ADDITIONAL COST FOR EARLY VOTING FOR CASS COUNTY	\$ 65,000.00
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Officials from the **City of Kansas City** indicated Senate Joint Resolution No. 2 authorizes the General Assembly to allow early voting and to require voter ID prior to

participating in an election as a voter. Because the proposed constitutional amendment does not require anything, the amendment has no cost to the City. Implementation of the early voting requirement, if done by the General Assembly, could have a financial impact if additional resources are required of the four election authorities serving Kansas City. Any amount would be pure speculation without a concrete act of the General Assembly. Therefore, adoption of the amendment would have no fiscal impact on the city. Only if the General Assembly implements the early voting requirement would an estimate of fiscal impact be possible.

Officials from the **City of St. Joseph** indicated there would be a cost to their jurisdiction. The city's proportionate cost to open and man additional polling places prior to the actual date of the election. Actual cost would depend on the number and amount of places which would be determined by the Buchanan County Clerk and is therefore unknown at this time.

Officials from **Hannibal 60 School District** indicated this resolution would not have any effect on their school district unless they were asked to be a place to set up for Advance Voting. That would cause interruption of their normal school day activities and potential diversion of personnel to assist in setting up and directing student traffic around the provided area.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this amendment would not have a known fiscal impact on their college.

Officials from the **St. Louis County Election Board**¹ indicated:

This Joint Resolution creates a system to allow voters to cast advance ballots at central voting locations and satellite sites, the resolution does not state how many advanced voting locations are required we choose to have 7 (1 per senate district.)

The advance voting period will begin the third Saturday prior to an election and end on the Tuesday immediately before the election and shall be conducted during regular business hours between 8:00 a.m. and 5:00 p.m. and until 12:00 p.m. on Saturdays. The advance voting period will include 7 weekdays and 2, half-days on Saturday.

The election authority shall consider factors including geographic location and demographics of the registered voters from the previous election to ensure nondiscrimination and provide adequate notice of the central locations and the satellite sites that are chosen.

¹ A discussion with a St Louis County election board official following receipt of this response determined that the response years noted should be fiscal years 2014 to 2016 instead of fiscal years 2012 to 2014 since the joint resolution does not implement advance voting before January 1, 2014.

Assumptions: This bill does not require paper ballots, and only requires advance voting for federal elections. The intent of this note is to delineate all direct costs (one-time, startup and recurring) to the LEA. Costs are calculated assuming 1 central location and 7 satellite sites will be utilized. Satellite sites will be open during regular business hours (10 hrs.) on weekdays and until 12:00 p.m. on Saturdays (5 hrs.) during the voting period.

1ST YEAR (2012) RECURRING FIXED COSTS (Annual):

Satellite Site Costs

Site Lease (9 days continuous) \$250 per day x 7 sites x 3 elections....	\$47,250
Equipment set-up, delivery, pick-up, storage, truck rental fees \$2,000 per site x 7 sites x 3 elections.....	42,000
High-Speed internet MIFI monthly fees 12 months @\$60/mo x 7 sites....	5,040
Travel/mileage Reimbursement \$.55 per mile x 30 miles average per FTE x 2 per site x 6 sites x 9 working days x 3 elections	5,346
24 hr. security \$240 per day x 7 sites x 9 days x 3 elections	45,360
Office supplies, pens, paper, etc.\$20 per site x 7sites x 3 elections.....	420
Legal Review \$125 per hr. x 6 hrs per site x 7 sites.....	\$5,150

Total Recurring Satellite Site Costs: \$150,566

Full-time Labor

Fourteen (14) additional FTEs ("full-time equivalents"), (2 per site), (7 sites) @ \$32,000 per year	\$448,000
Benefits (\$11,729 x 14).....	164,206
Trainers (\$16.00 per hr. x 6 hrs. x 2 sessions x 2 trainers).....	384
Site Research and Setup (\$18.00 per hr. x 500 hrs.).....	\$9,000
Total Full-time labor costs:.....	\$621,590

Part-time Labor

Forty-two (42) additional PTEs ("part-time equivalents"), (6 per site), 7 sites @ \$10.00 per hr. x 8 hrs. per day x 9 days per election x 3 elections.....	\$90,720
Benefits (\$410 x 42 x 3 elections).....	51,660
Training (\$10.00 per hr. x 6 hrs. x 42 PTEs).....	\$2,520

Total Part-time labor costs:..... \$144,900

Total Annual year labor Costs: \$766,490

Miscellaneous Costs

Software License Maintenance/Upgrades

56 DREs @ \$159 each per year (8 per site), (7 sites)..... \$8,904

PC Laptop Software Maintenance/Upgrades

28 Laptops @ \$250 per year (4 per site), (7 sites) \$7,000

Informational Postcards for advance voting

447,275 households x .20 x two (3) elections..... \$268,365

Processing fees for providing voter lists	
Paper, CD's, mailing fees, personnel time.....	\$18,312
Total Recurring Miscellaneous Costs.....	\$302,581
Total Recurring Annual Costs:	\$1,219,637
<u>NON-RECURRING, START UP COSTS</u>	
Equipment	
24 laptop PCs @ \$1,000 each (4 per site) x 7 sites.....	\$28,000
56 DREs @ \$3,500 each (8 per site) x 7 sites.....	196,000
14 SSTs (Security, Transport, Storage) Carts @ \$570 each	
for DREs (2 per site) x 7 sites.....	7,980
7 High-Speed internet MIFI cards @ \$300.00 per card	2,100
Tables, chairs, signs, posters cell phones \$400 per site x 7.....	2,800
Training manuals.....	\$1,000
Total non-recurring equipment costs:	\$237,880
Labor	
One (1) additional FTE,	
@ \$32,000 per year for 3 months for site research and setup	\$8,000
Benefits	2,665
One (1) additional FTE,	
@ \$43,000 per year for 6 months for programming changes	\$21,500
Benefits	7,881
Total non-recurring labor costs:.....	\$40,046
Total non-recurring Costs:	\$277,926
Total Costs 1 st Year (2012).....	\$1,497,563
Total Costs 2nd Year (2013)	none
Total Costs 3 rd Year (2014).....	\$1,129,637

Officials from the **Jackson County Election Board** provided the following cost estimate:

Oversight of Advanced Voting would require at least one person to coordinate all aspects of the operation.

Annual Cost for Coordinator (contract):	\$ 35,000.00
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Other related 1 (one) time cost:

6 Additional Precinct Ballot Counters	\$ 28,500.00
30 OVI's Electronic Ballot marking machines	\$142,500.00
6 Laptop Computers	\$ 5,400.00
36 Voting Booths – Including ADA	<u>\$ 9,000.00</u>

Total one time cost:	\$220,400.00
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COST PER ELECTION:

Jackson County Election Board had 234,109 registered voters. Based on the formula of 1 satellite site per 100,000 voters, board officials estimate they would have to use 3 locations due to the logistics of the jurisdiction to ensure nondiscrimination in the representation of registered voters.

Site Rental based on current real estate rates:

3 locations	\$ 72,000.00
Internet Cable Connection to Missouri	
Central Voter Registration Data Base:	
3 locations	\$ 1,800.00
Misc. Supplies and expenses	\$ 5,000.00
Election Services Fund	\$ 9,623.00
Ballot Printing	\$ 1,000.00
Ballots	<u>\$ 12,903.00</u>

Total	<u>\$102,326.00</u>
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Legal Public Notice	\$ 20,735.00
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Election Judges for 3 locations 8 days	\$ 31,370.00
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Election Assistant/Technician 3 locations 8 days	<u>\$ 10,000.00</u>
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Total	<u>\$ 62,105.00</u>
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ONE TIME COST	\$185,400.00
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ONGOING COST	\$ 35,000.00
GRAND TOTAL FOR ONE ELECTION	\$164,431.00
GRAND TOTAL FOR ALL 3 COUNTY-WIDE ELECTIONS	\$493,293.00
BI-ANNUAL COST	\$528,293.00

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Natural Resources**, **Adair County**, **Boone County**, **Clay County**, **Cole County**, **Cole County Public Works**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Rockwood R-VI School District**, **University of Missouri**, **St. Louis Community College**, the **St. Louis City Election Board**, the **Kansas City Election Board**, the **Platte County Board of Elections**, and the **Clay County Election Board**.

Fiscal Note Summary

Direct costs to state governmental entities and costs reimbursed by the state to local election authorities are estimated to be at least \$3 million to \$6.5 million annually. Those costs may be higher depending on the compensation, staffing, public notification and planning decisions of election authorities with the total annual costs being unknown.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-45)

Subject

Truly Agreed To and Finally Passed House Joint Resolution No. 2. (Received May 26, 2011)

Date

June 14, 2011

Description

This proposal would amend Article I, Section 5 of the Constitution of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Clay County**, **Cole County**, **Jackson County Legislators**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume costs can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact as a result of this legislation.

Officials from the **Department of Elementary and Secondary Education** indicated there would be no estimated net effect on state, federal, or local funds.

Officials from the **Department of Higher Education** indicated that the proposal contained in House Joint Resolution 2 would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated House Joint Resolution 2 will have no impact for their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated that they assume any cost relative to this resolution can be absorbed.

Officials from the **Department of Social Services** indicated there is no fiscal impact to their department.

It is expected the cost of displaying a copy of the Bill of Rights of the United States Constitution in each school facility operated by the Division of Youth Services (DYS) would be minimal and could be absorbed using current levels of appropriation. There are no anticipated costs to permitting prayer in DYS facilities.

From a Human Resources perspective, the Department of Social Services (DSS) anticipates no additional cost. DSS abides by all state and federal laws relating to employment practices and already has a policy in place that allows for religious accommodations to be made (Administrative Policy 2-103 Religious Accommodations). Finally the Division of Legal Services will be able to comply with existing resources.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this joint resolution.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated this proposal will have no fiscal impact on their office should it be adopted by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Office of the State Public Defender** indicated this House Joint Resolution No. 2 will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there would be no immediate fiscal impact to their office.

Officials from the **City of Kansas City** indicated House Joint Resolution No. 2 would amend the Missouri Constitution to reiterate religious rights of people already guaranteed by the First Amendment to the U.S. Constitution and the Missouri Constitution's religion clause. The more explicit statement of these rights does not impose a greater cost on the City of Kansas City. They also indicated they do not operate any schools, therefore no cost is incurred by the city should this amendment be adopted.

Officials from the **City of St. Joseph** indicated there are no financial costs or savings as a result of this resolution.

Officials from **Cape Girardeau 63 School District** indicated House Joint Resolution No. 2 will have minimal fiscal impact on their school district. Under House Joint Resolution No. 2 the district is required to display the Bill of Rights of the United States Constitution in each building.

The estimated cost to the district to display the Bill of Rights in all buildings would be \$200. The cost is based on the purchase and shipping cost of \$16.67 per poster.

Officials from **Hannibal 60 School District** indicated this resolution would not have a financial consequence on their school district.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this amendment will have no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Natural Resources**, the **Secretary of State's office**, **Adair County**, **Clay County**, **Cole County**, **Jackson County Legislators**, **St. Louis County**, the **City of Cape Girardeau**, the **City of St. Louis**, the **City of Springfield**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

It is estimated this proposal will result in little or no costs or savings for state and local governmental entities.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-46)**

Subject

Initiative petition from Anne Adams regarding a proposed constitutional amendment to Article III. (Received May 27, 2011)

Date

June 15, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the fiscal impact of this initiative petition is unknown because of the vague and unclear language. If the intent of

the language in Section 54.(3) is to nullify the changes made to Prop B in the most recent legislative session, there could be substantial costs associated with this initiative petition.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact for their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no direct fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated there should be no added costs or savings to their office if this petition is passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **City of Jefferson** indicated that should this matter become law, they do not expect any fiscal impact.

Officials from the **City of Kansas City** indicated there will be no fiscal impact on the City of Kansas City from the enactment of this proposal.

Officials from the **City of St. Joseph** indicated on the face of it, this initiative would have no direct cost or savings. However, depending on the citizen's initiative in question, if the General Assembly couldn't repeal or revise, there could be dramatic costs or savings.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated there will be no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Natural Resources**, the **Department of Public Safety**, the **Secretary of State's office**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

The proposal is estimated to result in no direct costs or savings to state and local governmental entities.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-47)

Subject

Initiative petition from Anne Adams regarding a proposed constitutional amendment to Article III. (Received May 27, 2011)

Date

June 15, 2011

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the fiscal impact of this initiative petition is unknown because of the vague and unclear language. If the intent of

the language in Section 54.(3) is to nullify the changes made to Prop B in the most recent legislative session, there could be substantial costs associated with this initiative petition.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact for their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there will be no direct fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this initiative petition.

Officials from the **Office of Administration** indicated there should be no added costs or savings to their office if this petition is passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **City of Jefferson** indicated that should this matter become law, they do not expect any fiscal impact.

Officials from the **City of Kansas City** indicated there will be no fiscal impact on the City of Kansas City from the enactment of this proposal.

Officials from the **City of St. Joseph** indicated on the face of it, this initiative would have no direct cost or savings. However, depending on the citizen's initiative in question, if the General Assembly couldn't repeal or revise, there could be dramatic costs or savings.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated there will be no fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Natural Resources**, the **Department of Public Safety**, the **Secretary of State's office**, the **State Treasurer's office**, **Boone County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Columbia**, the **City of St. Louis**, the **City of Springfield**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

The proposal is estimated to result in no direct costs or savings to state and local governmental entities.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-54)**

Subject

Initiative petition from James Bryan regarding a proposed amendment to Chapters 367 and 408 of the Revised Statutes of Missouri. (Received July 8, 2011)

Date

July 28, 2011

Description

This proposal would amend Chapters 367 and 408 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Cass County**, **Clay County**, **Greene County**, **St. Charles County**, **St. Louis County**, the **City of Kansas City**, the **City of Mexico**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Joseph H. Haslag, PhD provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that there will be no direct fiscal impact.

Officials from the **Department of Agriculture** indicated there will be no impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact on their department.

Officials from the **Department of Higher Education** indicated that the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated they reviewed Initiative Petition 11-54 and anticipate it will have no cost or savings to the department. If the adoption of the measure results in a reduction of fee revenue from consumer credit entities, the department anticipates it would expend a correspondingly smaller amount to regulate these entities.

Therefore, if passed, the department anticipates no net cost or no net savings from this initiative petition.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition would have no impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated there is no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact from this petition.

Officials from the **Office of Administration (OA)** indicated there should be no added costs or savings to the Office of Administration if this petition is passed by the voters.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from **Greene County** indicated they wouldn't anticipate a cost for the proposed initiative.

Officials from the **City of St. Joseph** indicated there is no impact on their city.

Officials from **Hannibal 60 School District** indicated it does not foresee any costs or savings to the district due to this initiative petition.

Officials from **Rockwood R-VI School District** indicated the district does not foresee any cost or savings as a result of this petition.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have no direct fiscal impact on their college.

Joseph H. Haslag, PhD provided information as an opponent of this initiative petition.

Mr. Haslag said he is an opponent to this petition because it is, in his view, an unnecessary price ceiling imposed on an efficient market. In addition, there are substantial costs to revenues collected by the State of Missouri and by its larger municipalities.

Fiscal Impact Summary

With the interest rate ceiling set at 36 percent for loans from payday store, the six fiscal impacts are:

- payday loan stores close because revenues do not cover the variable cost;¹
- Gross Domestic Product in Missouri is \$57.02 million lower in Year 1 and \$57.53 million lower in Year 2;
- general revenues collected by the Missouri Department of Revenue are \$2.17 million lower in Year 1 and \$2.19 million lower in Year 2;
- licensing fees collected by the Missouri Department of Revenue are \$319,800 lower in both Year 1 and Year 2;
- with employee separations, State of Missouri increases expected unemployment insurance benefits by \$8.04 million so that the total costs to Missouri State Government is \$10.53 million in Year 1 and \$2.51 million in Year 2; and
- municipal license fees fall as the City of Kansas City collects \$118,817 less in revenues in both Year 1 and Year 2. The City of Springfield loses \$4,150 in revenues in both Year 1 and Year 2.

Introduction

Per the July 2011 ballot initiative proposal, passage would repeal six sections of the Revised Statutes of Missouri. The six replacement sections would, in practice, set the maximum rate at 36 percent on loans made by payday loan stores, title installment companies and other high-cost consumer credit issuers. The interest rate ceiling includes interest and any fees associated with these loans.

The motivation for the ballot initiative is ostensibly to protect consumers. The underlying premise is that high interest rates harm consumers. Such a conclusion may be warranted if the market for payday loans is economically inefficient. High interest rates, however, do not imply the market is not working properly.

One market failure, for example, is that the payday loan stores possess market power. In other words, the interest rates are high relative to those charged by "mainstream" lenders

¹ Note that the Missouri Division of Finance assumes that all title loan stores would shut down if the interest rate ceiling is implemented. See Exhibit A for the Division of Finance's conclusions.

and thus, the high rates reflect a kind of price gouging. Upon closer inspection, the costs of producing payday loans are higher than for other lenders. The market for payday loans exists primarily because borrowers are excluded from bank loans and credit cards. Every credit arrangement is subject to risk; unexpected events occur between the time the loan is extended and when it is redeemed. Different risks apply to different types of borrowers. So, while every lending institution realize some loan losses, payday loan stores specialize in providing credit to those consumers considered most likely not to redeem their loans. Loan losses for payday loan stores are greater than those realized by other lenders. To cover these higher-than-normal costs to the payday loan store, the store must charge higher than normal interest rates to make normal profits. The bottom line is that high operating costs, especially the loan loss rates, account for the high interest rates charged by payday loan stores. Under this interpretation, the high interest rates do not indicate the payday loan stores have market power.

Market power often coincides with significant barriers to entry in the market. Over 1000 payday loan stores operate in Missouri. Such large numbers do not seem to indicate that barriers to entry are present in the payday loan market. The absence of barriers to entry in the payday loan market is consistent with the notion that profits in this industry are competed away. There is nothing that says high interest rates cannot exist in competitive markets. Therefore, the supply side of the payday loan market is marked by high-than-normal interest rates associated with higher-than-normal costs and ordinary profits.²

On the demand side of the market, consumers benefit from payday loan stores. The payday loan is unsecured debt; that is, the borrower does not offer any collateral when borrowing. Because the payday loan industry is regulated, the lending arrangement is formalized and is subject to competition from other stores. Thus, consumer safety regulations apply to these transactions and violations are enforced by government agencies. In the absence of payday loan stores, consumers would rely on informal arrangements through family or other means not subject to regulation and oversight. We can assume that the demand for unsecured short-term borrowing would not vanish if payday loan stores did not exist. Without payday loan stores, one possible unintended consequence would be that obtaining credit would become more costly for consumers to find. In other words, it is more expensive to search for credit in the informal arrangements than to walk into a store that markets this service.

Overall, the market for payday loans operates efficiently. In this market, the interest rate is mutually agreed upon by both the payday loan stores and the consumer. By implementing an interest rate ceiling, the ballot initiative will create a welfare loss to Missourians. More concretely, it is possible to quantify the economic loss to the state in terms of lost jobs and lost output. With these losses, Missouri State Government will also see a reduction in revenues collected.

² In a report published by the Federal Deposit Insurance Corporation, Flannery and Samolyk (2005 survey payday loan facilities. In Figure 1 of their report, there is 1 payday loan store per 1000 people in Missouri. See Flannery, Mark and Katherine Samolyk (2005), "Payday Lending: Do the Costs Justify the Price?" FDIC Center for Financial Research Working Paper no 2005-09.

Step 1: The Effect on Payday Loan Stores

The objective for a business owner is to maximize its profits. In a competitive market setting, the firm will take interest rates as given. It is reasonable to characterize the market for payday loans as a competitive market.

In the market for payday loans, the cost structure determines whether a store will continue to operate or not. The shut-down condition states that a store will operate as long as the competitive interest rate is no lower than the average variable cost of operating the business. For the purposes of the shut-down condition, the fixed costs of operating the store are ignored.

Certain conventions are used in analyzing the payday loan market. Revenues are stated in terms of dollars per \$100 worth of loans. In other words, interest payments received and all other transaction fees are converted to their value per \$100 of loans. For comparison purposes, all costs are similarly measured in terms of \$100 of loans. I will follow this convention in conducting my analysis.

There is one equation that is central to any analysis of the payday loan industry. The formula for calculating simple interest is

$$r = \frac{I}{Pt}$$

where r is the annual interest rate, I is the interest plus any fees paid by the borrower/consumer, P is the principal amount; and t is the time period between when the loan is extended and when it is redeemed. For payday loans, the loan is extended for 14 days. Consequently, the value for t is $14/365$.

To illustrate the formula, Mr. Haslag used data from a national survey conducted by Ernst and Young.³ Average loan size was \$379 with revenues equal to \$57.85. Convert this to an amount per \$100 loan and the revenue is \$15.26. Thus, $r = \frac{15.26}{100(14/365)} = 397.9\%$.

According to a January 4, 2011 report filed by Missouri's Division of Finance, the calculation for Missouri payday loan stores would be $r = \frac{17.05}{100(14/365)} = 444.5\%$. Compared with returns on Treasury securities or corporate bonds, the interest rate on payday loans is very high.

Context matters. In order to assess the returns, it is vital to characterize the cost associated with payday loan stores. The Ernst and Young (2009) report includes estimates of the cost structure of payday loan stores. In that report, the mean operating cost is \$13.89 per \$100 loan. Since December 2009, the annual inflation rate has been 2.5

³ "The Cost of Providing Payday Loans in a US Multiline Operator Environment" Ernst and Young, September 2009.

percent.⁴ If the costs for the payday loan store increased at the same rate as inflation, the operating cost is \$14.23 per \$100 loan. Suppose Missouri is a typical payday loan store, then the profit per \$100 loan is \$15.26 less \$14.23 equals \$1.03. With the cost accounting done, the interest rate on a loan is yields an annual return per \$100 loan equal to $r = \frac{1.03}{100(14/365)} = 26.9\%$. This return has to be assessed relative to other unsecured loans with similar risk characteristics. No exactly comparable loan has readily observable interest rates, but the reader should note that credit card which is unsecured is 24.96 percent for cardholders identified as "bad debt."⁵

Ultimately, the question is whether payday loan stores will continue to operate with the proposed interest rate ceiling implemented. Use the simple interest rate formula to compute the interest and transaction fee consistent with a 36 percent annual interest rate. For interest and transaction fee per \$100 loan, the calculation is done as follows: $36\% = \frac{I}{100(14/365)}$ or $I = 36\% * 100(14/365) = \1.38 . Thus, the ceiling on the interest and transaction fee collected for a \$100 2-week payday loan is \$1.38.

In the Ernst and Young report, costs are divided into three categories. There are fixed costs, variable costs, and hybrid costs. Fixed costs include things like buildings and machines that are decided upon and do not depend on the volume of loans made by the payday loan store. Variable costs include costs that depend wholly on the volume of loans made, such as loan losses. Hybrid are part fixed and part variable. Labor costs are treated as a hybrid by Ernst and Young. During high-volume periods, payday loan stores need to hire more workers. Conversely when loan volume is low, fewer workers are needed. Ernst and Young justify labor as a hybrid cost because a payday loan store has some minimum quantity of workers regardless of the loan volume. According to the Ernst and Young report, the total cost is, in 2011 dollars, \$14.23 per \$100 loan. Total costs include items from all three categories. Our first goal is to identify a measure of variable costs. I start with a conservative measure of variable costs: the costs of processing the payday loan, costs of obtaining funds to loan, and bad debt costs are my measure of variable costs.⁶ These costs account for 35 percent of total costs for payday loan stores. Thus, for my conservative measure, variable operating cost is 14.23 times 0.35 equals \$4.38 per \$100 loan. Under the interest rate ceiling, the revenue per \$100 loan is \$1.38. Thus, the revenue per \$100 loan does not cover a conservative estimate of variable costs. With revenues insufficient to cover variable costs, the payday loan store will shut down.

In the last two years, three states have implemented an interest rate ceiling on payday loan stores. Arkansas' constitution sets the interest rate ceiling at 17 percent. In 2008, the Arkansas Supreme Court found laws enacted to circumvent the ceiling were unconstitutional. By July 31, 2009, all payday loan stores were closed. Arizona and

⁴ The May 2011 reading of the Consumer Price Index was 224.8 while the December 2009 reading was 217.2. The annual inflation rate between these two dates is 2.5 percent at annual rate.

⁵ See <http://www.creditcards.com/press-releases/CreditCards-Weekly-Credit-Card-Rate-Report-June-29-2011.php>.

⁶ Ernst and Young also identify a cost as a hybrid with is comprised of costs that have both variable and fixed attributes. Wage and salary is the largest component in the hybrid category, accounting for nearly 26 percent of total operating costs.

Montana set the interest rate ceiling at 36 percent. In both states, reports indicate high closure rates of payday loan stores. Such observations are consistent with the notion that an interest rate ceiling of 36 percent or below do not generate enough revenues to meet variable costs and stores shut down.

Step 2: The Effect of Payday Store Closings on the Missouri Economy

Based on the estimated impact that the interest rate ceiling will have on the individual payday loan store, the next calculation is to examine the aggregate effect on the state economy. More specifically, Mr Haslag said he would use data from the Missouri Division of Finance report⁷ to compute the market value of final sales of payday loan stores. This calculation amounts to identifying the change in Gross Domestic Product for Missouri that owes to the resources freed by payday loan stores shutting down.

Note that the calculations will not rely on any multiplier effect. These are the direct resources freed by store shutdowns and the value of the services provided by that shutdown. It is as if these resources migrated to be productive elsewhere, as in another state, for example.

The Division of Finance study reports that payday loan stores in Missouri made 2.43 million loans between January 2009 and January 2011. If we assume that the loans were distributed equally across this two-year period, then the number of loans in 2010 was 1.215 million loans. The average loan value was \$307.56. So, the total loan volume in 2010 is $1.215 \text{ million} \times \$307.56 \text{ per loan} = \373.69 million . In order to get an aggregate revenue measure, we use average revenue per \$100 loan data from the Ernst and Young report. Recall that average revenue per \$100 loan is \$15.26. With aggregate state loan volume equal to \$373.69 million in 2010, this translates in 3.737 million worth of \$100 loans. So, I multiply 3.737 million by \$15.26, which equals \$57.02 million in aggregate revenues for payday loan stores located in Missouri.

Thus, the value of direct final sales by payday loan stores in Missouri is \$57.02 million per year. By imposing the interest rate ceiling at 36 percent and the resulting store closings, Missouri would see its Gross Domestic Product decline by \$57.02 million in Year 1 of the interest rate ceiling being implemented. In Year 2, the economy would grow relative to Year 1. Suppose the final sales of payday loan stores is a constant fraction of Missouri's economy, The average annual growth rate of Missouri's Gross Domestic Product is 0.9 percent after adjusting for inflation. Holding prices constant, therefore, the Year 2 loss of Gross Domestic Product in Missouri is $\$57.02 \text{ million} \times 1.009 = \57.53 million .

There is no direct measure of the number of people employed in payday loan stores in Missouri. Flannery and Samolyk (2005) find that, on average, there are 2.5 full-time equivalent employees in each payday loan store that has operated at least one year. There are 1066 stores operating in Missouri in 2010. I do not know the age distribution of the payday loan stores, but suppose each store operated at least one year. Under this

⁷ The report referred to in Step 1.

assumption, payday loan store closings would result in 2,665 fewer full-time equivalent employees in Missouri.

Job losses would result in unemployment insurance claims. I use Flannery and Samolyk's mean wage and salary for payday loan workers. They report the average worker makes \$31,760 per year. For the payday loan worker, the weekly unemployment insurance benefit is 4 percent of the quarterly wage and salary or \$320, whichever is smaller. Quarterly wage and salary is $\$31,760 \div 4 = \7940 . Four percent of the quarterly wage and salary is $\$7940 \times 0.04 = \317.60 , which is less than \$320. The average unemployment spell lasts 9.5 weeks. Thus, $\$317.60 \times 2665 \text{ separated workers} \times 9.5 \text{ weeks} = \$8,040,838$. So, the expected unemployment insurance benefits to workers dismissed by closing payday loan stores is approximately \$8.04 million paid by the Missouri State Government.

Step 3: The Effect on Missouri State Net General Revenue

After computing the effect that the proposed interest rate ceiling applied to payday loan stores on Missouri economy, the analysis turns to the effect that the policy change would have on revenues collected by Missouri State Government.

Note that Gross Domestic Product in Missouri is a broad measure of the tax base. Individual income, corporate income and sales taxes collected by Missouri's Department of Revenue are related to the state's Gross Domestic Product. On average, 3.8 cents of each dollar of Gross Domestic Product in Missouri is collected as Net General Revenue collected by Missouri's Department of Revenue. In other words, the average amount of individual income taxes, corporate income taxes and sales taxes is 3.8 cents per dollar of final goods and services produced in Missouri. Here, the term "Net" refers to the balance collected after refunds are taken into account. Based on this historical average, if Missouri's Gross Domestic Product declines by \$57.02 million, then $\$57.02 \text{ million} \times 0.038 = \2.17 million . In other words, Missouri's Net General Revenue would decline by \$2.17 million in Year 1 of the interest rate ceiling because payday loan stores would close in response to the proposed interest rate ceiling. Following the expanding loss of the tax base in Year 2, the loss of Net General Revenue is $\$2.17 \text{ million} \times 1.009 = \2.19 million .

In addition, payday loan stores pay licensing fees to operate in Missouri. Let there be 1,066 payday stores operating in a typical year. Then imposing the interest rate ceiling and the resulting store closings would reduce the license fees collected by the State of Missouri. The lost license fee revenue equals $1,066 \text{ stores} \times \$300 = \$319,800$.

Thus, the combined revenue loss to the State of Missouri is \$2.49 million in Year 1 and \$2.51 million in Year 2 of the interest rate ceiling.

Treat the costs to Missouri State Government as the sum of foregone revenues and actual disbursements to unemployment insurance claimants. In Year 1, the total costs are $\$2.17 \text{ million} + 0.32 \text{ million} + 8.04 \text{ million} = \10.53 million . In Year 2, the total

costs are $\$2.19 \text{ million} + 0.32 \text{ million} = \2.51 million . Note that all the unemployment insurance benefits are disbursed in Year 1 after the payday loan stores close, thus accounting for the large difference between the two years. See the appendix Table A for a complete characterization of the costs in Year 1 and Year 2.

Step 4: Local Fiscal Impacts

Municipalities also collect revenues from licensing fees paid by payday loan stores. According to information provided by Commissioner of Revenue, the City of Kansas City collected fees and revenues from Payday loan stores equal to \$118,817 in 2010. Suppose the revenues and fees lost by the City of Kansas City lost are equal to the 2010 amounts. In Year 1 and Year 2 after the interest rate ceiling is implemented, the City of Kansas City would lose \$118,817 in revenues and fees because payday loan stores close.

In addition, City of Springfield collects \$50 business license fee. There are 83 payday loan stores in Springfield according the Licensing Representative for the City of Springfield. Suppose the interest rate ceiling is implemented and all payday loan stores close. The City of Springfield would lose $83 \times \$50 = \$4,150$ in Year 1 and Year 2 after the ceiling is implemented.

Title Lender Analysis

To date, Mr. Haslag indicated there are no studies that he was aware of that characterize the cost structure for the title lenders. Zywicki (2008) describes the market and standard practices. One particular description is pertinent to this study. He reports that roughly 15 percent of title loans default with only half of those defaults resulting in vehicle repossession. In the other half of the defaulting loans, the conditions of the automobile makes repossession unprofitable. Title loans are, therefore, quasi secured.

There is no evidence that there are barriers to entry in the title lending industry. As such, the market interest rate charged by auto title loan companies covers their costs and yields a normal profit. Lowering the rate to 36 percent will, in my view, almost assuredly result in store closings as title lenders cannot cover variable costs.

Suppose all title lending stores close. According to the Missouri Division of Finance, there are 270 title lenders in Missouri. Two assumptions are necessary to estimate the impact on Missouri Gross Domestic Product. Mr. Haslag assumed the average wage for full-time workers at title lending stores is the same as those at the payday loan stores. He also assumed that each title lending store employs the same number of full-time equivalent workers as payday loan stores. With these two assumptions, the effect on the Missouri Gross Domestic Product is $\$31,760 \times 2.5 \text{ employees per store} \times 270 \text{ stores} = \$21,438,000$. Thus, the effect in Year 1 of the interest rate ceiling is \$21.4 million. If lending store effects grow at the same rate as the Missouri economy, then in Year 2, Missouri Gross Domestic Product declines by \$21.6 million.

The impact on Missouri Net General Revenue is 3.8 cents per dollar of Missouri Gross Domestic Product lost. So, in Year 1, Missouri Net General Revenue is \$813 thousand and Year 2 is \$822 thousand.

Missouri's Division of Finance will lose licensing fees if the title lending stores close. Per store fees are \$1,000. With 270 title lending stores closing, the state loses $270 * \$1,000 = \$270,000$ in fees collected.

There are also expected unemployment insurance benefits paid by the state of Missouri because of the store closings. With 270 store closings and 2.5 full-time workers per store, 675 workers are separated from their jobs. The expected unemployment insurance claims are $\$317.60 \times 675 \times 9.5 \text{ weeks} = \$2,036,610$. In other words, the costs of additional unemployment insurance benefits would be \$2.04 million to Missouri State Government.

Suppose all the title lending stores close because of the interest rate ceiling. By adding together the additional costs associated with title lending stores—that is, the foregone net general revenue, the foregone licensing fees, and the expected unemployment insurance benefits--the total costs to Missouri State Government are \$3.12 million in Year 1 and \$1.09 million in Year 2. Note these are costs over and beyond the costs associated with payday lending stores closing. See the appendix Table B for a complete characterization of the costs in Year 1 and Year 2 if both payday lending and title loan stores close.

Conclusion

A ballot initiative has been put forward that if passed would limit the interest rate, including all fees, that payday loan and title companies could charge their customers. The purpose of this report is to assess the economic impact that the proposed 36-percent interest rate ceiling would have on the Missouri economy. In particular, Mr. Haslag quantified the direct economic loss to the aggregate state economy and to the general revenue funds that would accompany the closing of payday loan stores. He explained that the ballot initiative is not consistent with payday loan stores to be able to cover their variable cost. As such, these stores would meet the shut-down conditions and would close. Overall, Missouri would lose GDP worth \$57.02 million in Year 1 and \$57.53 million in Year 2 of the interest rate ceiling. It follows that the tax base shrinking would also negatively affect state revenues. Missouri's net general revenue would fall by \$2.49 million in Year 1 and \$2.51 million in Year 2 after the interest rate ceiling is implemented.

In addition, unemployment insurance benefits would need to be paid to the workers losing their jobs because the payday loan stores close. The expected unemployment insurance benefits paid by the State of Missouri would be approximately \$8 million.

Though not analyzed explicitly in this report, it is important to note that consumers will suffer because of the vanishing suppliers of short-term credit. Revealed preference tells us that if an alternative mechanism for obtaining short-term credit were available and if

the transaction costs were less than or equal to the costs of using payday loan stores, then consumers would choose this alternative mechanism. Indeed, informal loan networks—families and underground lenders—exist. Yet, the market determined interest rate is mutually beneficial to both payday loan stores and to those who borrow from these stores. Backward induction tells us that the payday loan store is in many instances the low-transaction-cost means of means of obtaining credit. Otherwise, no market transactions would be observed through payday loan stores.⁸

Appendix Table A

Summary of Costs to State of Missouri

(Payday Lending Stores only)

Type of Costs	Year 1	Year 2
(1) Lost Gross Domestic Product by State	\$57.02 million	\$57.53 million
(2) Lost Net General Revenue to Missouri	\$2.17 million	\$2.19 million
(3) Unemployment Insurance Benefits	\$8.04 million	n/a
(4) Lost License Fees Paid to Missouri	\$0.32 million	\$0.32 million
Total Costs to Missouri (combined revenues lost and benefits paid; that is, (2) + (3) +(4))	\$10.53 million	\$2.51 million

Appendix Table B




Summary of Costs to State of Missouri

(Payday Lending Stores and Title Loan Stores combined)

Type of Costs	Year 1	Year 2
(1) Lost Gross Domestic Product by State	\$78.46 million	\$79.13 million
(2) Lost Net General Revenue to Missouri	\$2.98 million	\$3.01 million
(3) Unemployment Insurance Benefits	\$10.08 million	n/a
(4) Lost License Fees Paid to Missouri	\$0.59 million	\$0.59 million
Total Costs to Missouri (combined revenues lost and benefits paid; that is, (2) + (3) +(4))	\$13.65 million	\$3.60 million

⁸ Morgan and Strain (2008) present survey evidence on the effects of interest rate ceilings have on measures of consumer well being. See, Morgan, Donald P. and Michael R. Strain (2008), “Payday Holidays: How Households Fare After Payday Credit Bans,” Federal Reserve Bank of New York Staff Report no. 309.

2011 Petition Discussion: 11-50

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Petition Subject

This petition would have a significant fiscal impact on the Division of Finance. This petition would put the payday lenders (1,000 @ \$300 = \$300,000) and title lenders (270 @ \$1,000 = \$270,000) out of business and half of the 510 Lenders (350 x \$300 = \$105,000) for an estimated loss in revenue of \$675,000 per fiscal year. We would need to decrease our consumer credit examination staff by 4 or 5 examiners. See Jamie Gallaher's response.

From: Renfrow, Robin

Posted: Tuesday, July 05, 2011 10:24 AM

Subject: 11-50

Consumer Credit

Petition # / Version

Content Type: Message

Created at 7/6/2011 10:59 AM by Sandbothe, Kim

Last modified at 7/6/2011 10:59 AM by Sandbothe, Kim

EXHIBIT

tabbles

A

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **State Treasurer's office**, **Cass County**, **Clay County**, **St. Charles County**, **St. Louis County**, the **City of Kansas City**, the **City of Mexico**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

State governmental entities could have annual lost revenue estimated at \$2.5 to \$3.5 million that could be partially offset by expenditure reductions for monitoring industry compliance. Local governmental entities could have unknown total lost revenue related to business license or other business operating fees if the proposal results in business closures.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-58)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received August 15, 2011)

Date

September 2, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

The Civic Council of Greater Kansas City provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that costs are unknown.

Officials from the **Department of Agriculture** indicated there is no known impact on their department.

Officials from the **Department of Economic Development** (DED) indicated this proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual effective January 1, 2014, and eliminates the power of the General Assembly to enact such taxes on or after January 1, 2016. Between January 1, 2014 and January 1, 2016, the repealed taxes are to be replaced with a sales tax of up to five percent on the purchase of goods and services other than food and up to four percent on the purchase of food. On or after January 1, 2016, the rates may not exceed seven percent and five and one-half percent, respectively. The proposal exempts from the new sales tax numerous enumerated goods and services.

As pertains to the Department of Economic Development, this proposal would impact existing tax credit and economic development programs utilizing the taxes repealed under this proposal.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. DED administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The Department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is

unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by restricting the taxes against which such tax credits can be redeemed. DED assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. DED also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's effective date because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is a potential for litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once,

rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion

of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund projects previously approved under these programs are state income-tax based, this proposal would jeopardize the financing for such projects by repealing the taxes generating the revenues necessary to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by the state income taxes that would be repealed under this proposal, which could result in the relevant local entity defaulting on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds could negatively impact not only the specific local entity but also the overall municipal bond market.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local development projects. The department will defer to the Department of Revenue for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated they assume that small businesses will be required to collect this tax, and goods and services sold by small businesses will be more heavily taxed. The impact on small businesses is unknown.

The Home Delivered Meals Trust Fund, which funds some home delivered meals for eligible Missouri seniors, receives revenues from a check-box on Missouri income tax forms. As a result of the elimination of income tax in Missouri, and the forms to file those tax returns, there will not be an opportunity for Missourians to donate to the Home Delivered Meals Trust via the check-box donation. The check-box is not the only source of revenue for this fund, but there may be a reduction in the amount of revenue collected.

There may be a reduction in the amount of revenue deposited to the Home Delivered Meals Trust Fund, and consequently, a reduction in the amount expended for home delivered meals. This is not the only source of funding for home delivered meals, therefore the impact will not be significant.

Elimination of the tax credit to make a principle dwelling accessible for an individual with a disability and the Shared Care tax credit could result in an increased number of individuals utilizing Medicaid-funded long-term care services, by either entering a nursing facility or utilizing Home and Community-Based Services.

Section 1(b)(1) of the proposed initiative petition repeals “Any law enacted by the General Assembly that imposes a tax for state purposes that is on or measured by income or earnings...”. The Home Delivered Meals Trust Fund, which funds some home delivered meals for eligible Missouri seniors, receives revenues from a check-box on Missouri income tax forms. As a result of the elimination of income tax in Missouri, and the forms to file those tax returns, there will not be an opportunity for Missourians to donate to the Home Delivered Meals Trust via the check-box donation. A total of \$69,026 was collected in FY 2009, \$59,504 in FY 2010, and \$56,336 in FY 2011. Using a three-year average of collections, DHSS assumes an unknown reduction in revenue, up to \$61,622 $([69,026 + 59,504 + 56,336]/3)$ in the Home Delivered Meals Trust Fund. Since there is also revenue from civil monetary penalties deposited in this fund, the department does not anticipate any significant decrease in the number of home delivered meals distributed to eligible Missouri seniors. Since the changes to the tax structure will not go into effect until calendar year 2014, DHSS assumes this funding would not be impacted until FY 2015.

The proposed initiative petition does not address tax credits, with the exception of Property Tax Relief and Homestead. Therefore DHSS is not able to determine how this would affect the Shared Care tax credit established within the department.

Repealing the Missouri income tax and replacing with a sale and use tax may affect the amount of revenue collected and deposited in the General Revenue Fund. The department defers to the Office of Administration regarding the overall impact this would have to the state.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated the proposal will have no anticipated cost or savings to the department.

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** provided the following comments.

Section 1(a), (b) and (c) of the proposed Initiative Petition 11-58 would appear to limit the taxing power on income or earnings exercised by the Missouri General Assembly for state purposes, and by counties and other political subdivisions.

For tax years beginning on or after January 1, 2014, Section 1(d) of Initiative Petition 11-58 appears to repeal all sales and use taxes and exemptions, except taxes on alcohol, aviation fuel, insurance products, tobacco, and any taxes imposed by Article IV, Sections 43(a) and 47(a), or any taxes provided for by Article IV, Section 30(a), and exemptions thereto.

The Department’s Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Section 47(a) of the Missouri Constitution.

It appears Section 1(d) of Initiative Petition 11-58 would allow for the conservation sales tax, the soil and parks sales tax and the motor vehicle fuel tax to remain unchanged. If that is the intent, then for purposes of this fiscal note, the department would not anticipate a direct fiscal impact from this provision.

If that is not the intent of this proposal and the department's parks and soils sales tax is eliminated as a result of this proposal, then there would be a significant fiscal impact to the department. Funding would have to be sought to replace the monies currently collected from the department's sales and use tax pursuant to Section 47(a) of the Missouri Constitution. The department assumes the Department of Revenue would be better able to estimate the potential fiscal impact.

This proposal would also appear to change sales tax exemptions. Currently, the State of Missouri is a tax-exempt entity. It is unclear how this would affect the department. If the department is required as a result of this proposal to pay the newly created sales tax on all goods and services, then there could be a significant unknown fiscal impact to the department. Each state agency's operating budget could increase substantially. The department assumes the Office of Administration would be better able to estimate the amount of fiscal impact from this provision for each department.

Effective January 1, 2014, Section 1(h) would set the tax levied under Sections 43(a) and 47(a) at the new rate established Section 1(c). It appears that the intent of is to allow for the conservation sales tax and the soil and parks sales tax to be recalculated to produce substantially the same amount of revenue for the 2015 as the amount received on average annually in fiscal years 2008-2012. However, on and after January 1, 2016 the sum of the conservation sales tax, the soil and parks sales tax and the new sales tax rate established in Section 1(c) could not exceed 7%. If that is the intent, then for purposes of this fiscal note, the department would not anticipate a direct fiscal impact from this provision.

If that is not the intent of this proposal and the department's parks and soils sales tax is eliminated as a result of this proposal, then there would be a significant fiscal impact to the department. Funding would have to be sought to replace the monies currently collected from the department's sales and use tax pursuant to Section 47(a) of the Missouri Constitution. The department assumes the Department of Revenue would be better able to estimate the potential fiscal impact. It should also be noted that the average revenue received for the conservation sales tax and the soil and parks sales tax received in fiscal years 2008-2012 might not reflect an adequate picture of those revenue streams due to economic downturn during that period.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** said this proposal will affect all agencies and political subdivisions that receive revenue from taxes that are

on or measured by income or earnings of individuals and taxes on sales and services. This proposal may also affect the Division of Workforce Development if Missouri's Unemployment Compensation (UC) program is out of compliance or out of conformity as a result of this proposal. The officials said the long-range implications (revenues/costs beyond fiscal note period by fiscal year) is unknown.

The proposed initiative petition contains language that may affect Missouri's employment security law. Below are three examples:

First, proposed Article X Section 1(a) states:

"The taxing power may be exercised by the general assembly for state purposes, and by counties and other political subdivisions under power granted to them by the general assembly for county, municipal and other corporate purposes, except the general assembly shall not have the power to enact any law:

(1) imposing a tax on or measured by the income or earnings of an individual for tax years beginning on or after January 1, 2016; or...."

Second, proposed Article X Section 1(b) states:

"For tax years beginning on or after January 1, 2014, the following laws are repealed:

(1) Any law enacted by the general assembly that imposes a tax for state purposes that is on or measured by the income or earnings of an individual, except as provided in Section 1(c) of Article X; and...."

Third, proposed Article X Section 1(f)(9) exempts "services rendered by an employee for his employer" from taxation.

The federal government and state governments are jointly responsible for administering the UC system. State laws must meet certain federal requirements for the state agency to receive the administrative grants needed to operate its UC program, for employers to qualify for certain tax credits, and to receive funding for certain reemployment services.

Missouri's unemployment compensation (UC) trust fund is financed by employers, and liability is based on the first \$13,000 of each covered employee's wages. Employees are deemed covered under the unemployment insurance (UI) system if they make at least \$2,250 during the base period and the total base period wages are at least 1.5 times the highest quarter wages. Alternatively, they are deemed covered if they make at least \$19,500 during two of the four quarters in the base period. The base period is defined as the first four of the last five completed calendar quarters. If eligible, they may be qualified to receive unemployment benefits if they lost the job through no fault of their own or they quit for a valid reason related to the work or the employer.

Two of the proposals specific limit the state's ability to collect taxes based upon a measure of an employee's earnings or income. The third proposal exempts taxes on the services of the individual for an employer. While this third proposal is not as direct a

prohibition the result seems to be the same. Accordingly, under all three proposals the most logical conclusion is that the state would not be able to collect UC taxes, thereby eliminating the funding source of Missouri's UC trust fund.

If the UC tax is repealed on or about January 1, 2014, it is unknown how or if Missouri will obtain the monies necessary to continue to pay UC. If Missouri is unable to pay UC, the UC program will effectively expire. With a very small exception, the United States Department of Labor (USDOL) has no authority to pay these benefits should Missouri's program terminate. By failing to continue to pay unemployment benefits the state may be declining to participate in the Federal-State Unemployment Compensation program under which tax credits, Section 3302, FUTA, are provided against the federal payroll tax on employers. The FUTA requirements in Sections 3303(a) and 3304(a) are part of an unemployment compensation system that includes a state paying all necessary unemployment benefits. However, Missouri employers in the state will still be required to pay the Federal Unemployment Tax Act (FUTA) tax imposed by Section 3301, FUTA. However, if they pay no contributions, and thus are not eligible to receive credit against the tax, they will be required to pay the full tax (currently 6.0% on the first \$7000 paid to each employee).

Additionally, the failure to pay unemployment benefits may violate Section 303(a)(1), Social Security Act (SSA), which conditions a Title III administrative grant upon a state law providing for "[s]uch methods of administration . . . as are found by the Secretary of Labor to be reasonably calculated to insure full payment of unemployment compensation when due." Failing to pay UC because the state's unemployment fund is insolvent may not be such a method of administration calculated to insure full payment when due.

If it determined that the state unemployment fund cannot pay unemployment benefits because of the repeal of the state unemployment tax, this could likely result in a finding of Missouri being out of conformity or out of compliance with the FUTA and/or SSA requirements that could result in the following: (1) all employers subject to the federal payroll tax imposed by Section 3301, FUTA, would lose all tax credits otherwise allowable by Section 3302, FUTA; (2) the state would lose the Title III, SSA, administrative grant; (3) the state, pursuant to Section 5(b)(1) of the Wagner-Peyser Act, would lose the state's employment service grant, which is conditioned upon the state being in conformity and compliance with FUTA and SSA; (4) reimbursement under federal law of the federal share of extended benefits may be affected; and (5) the agreements administering the federal programs of Unemployment Compensation for Ex-Servicemembers (UCX), Unemployment Compensation for Federal Employees (UCFE), Trade Adjustment Assistance and Disaster Unemployment Assistance may be terminated.

If Missouri employers lose FUTA credits, they would lose approximately \$868 million annually in FUTA credits. The Federal Unemployment Tax Act (FUTA) imposes a 6.0% payroll tax on employers. Most employers do not actually pay the total 6.0% due to credits they receive for the payment of state unemployment taxes and for paying reduced rates under an approved experience rating plan. FUTA allows employers tax credits up to a maximum of 5.4% against the FUTA payroll tax if the state UI law is approved by

the Secretary of Labor. However, if the proposed amendment causes Missouri's program to be out of compliance or out of conformity, Missouri employers would pay the full 6.0%.

If the state loses its administrative grant, Missouri would lose approximately \$51 million in federal funds it receives each year to administer the UI program. Additionally, Missouri would lose the approximately \$18 million in federal funds each year the Department of Economic Development - Division of Workforce Development uses for Wagner-Peyser reemployment services.

The USDOL was asked to informally reviewed this initiative petition and its staff determined that it is unclear whether this initiative petition would affect the ability of the Division of Employment Security (DES) to collect UC taxes from employers. The USDOL stated that it is up to each state to interpret its laws. However, we are not aware of any plausible interpretation that exempts UC taxes from the measure of income or earnings of an employee.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$131,651 for fiscal year 2013 and \$15,490,643 for fiscal year 2014.

The costs include increased:

Salaries-\$8,799,330

Fringe Benefits-\$3,597,741

Equipment and Expense-\$3,093,572

This Initiative Petition will have an Information Technology impact of \$35,616. The value of the level of effort is calculated on 1,344 FTE hours.

This Initiative Petition will have the following staffing impact:

Sales Tax:

- This legislation will have a significantly larger impact on the department if the department is required to collect the tax from the person consuming, using or storing the tangible personal property or taxable service.

Personal Tax:

- For FY 13- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 16- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.

- For FY 17– Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax. For the last six months of FY 17 Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.
- For FY 18- PT will retain 81% of the existing staff (108 out of 134) for processing returns, amended returns, and outstanding collections.
- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.
- If the department is required to administer the program created in Section 6(a)(1), it will need two (2) additional Revenue Processing Technician I (Range 10, Step L) and four (4) temporary employees to key applications.

Collections and Tax Assistance (CATA)

- Including services as a taxable product will greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
- FY13 - No impact
- FY14 - Based on the assumption that the number of businesses will double, CATA will need an additional 150 temporary employees. Training will begin in October of 2013.
- FY17 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income and withholding staff requirements.

Withholding Tax:

- For FY 13– Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14- Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15- Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 16- Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) to continue the processing and collection duties of withholding tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in the business tax area on a one-to-one basis.
- For FY 17- Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) to continue the processing and collection duties of withholding tax.

Sales Tax:

- The department must recalculate local sales tax rates and publish those rates by September 1, 2013. It will need to hire an economist in fiscal year 2013 to begin working on the adjusted rates.
 - One (1) Economist (Range 30, Step Q) to perform rate calculations per Section 1(i)

- The following impact is based upon the assumption that the workload for sales/use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., business tax will need an additional 92 temporary employees for sales/use tax.
- The department assumes that the new sales tax would go into effect January 1, 2014, and current staff responsible for withholding tax and personal tax will not be available for reallocation until fiscal years 2016 and 2017. Even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 - No impact
 - FY14 – Business tax will need 92 temporary employees. Training will begin in October of 2013. These would be temporary employees who receive no benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Field Compliance

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. In order to conduct approximately 4,700 sales and use tax audits, it will be necessary to double our audit enforcement staff. This will require additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions will increase Field Compliance to 320 positions and a payroll of approximately \$14 million.
- Each in state and out of state facility will need to be moved to accommodate the increase in personnel. The estimated cost for this will double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal Services

- For FY 12 No impact
- For FY 13 No impact
- For FY14 - Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

DOR officials provided the following comments and concerns on this Initiative Petition:

Eliminating the income tax would not "eliminate" the filing of returns. Individual income tax filers will file their 2015 calendar year returns after January 1, 2016. Individuals would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2016.

The department is not clear whether the state would have the authority to require sellers to collect the new sales tax. The legislation does not have similar language to the current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does. Changing the collecting and remitting responsibility from sellers to purchasers would dramatically reduce the percentage of tax that the department is able to collect.

The proposal repeals individual income tax as of January 1, 2016. Because there would be no individual income tax filing requirements for tax years beginning January 1, 2016, this would prevent individuals from redeeming credits that have been carried forward to tax years 2016 and beyond.

Without further action by the general assembly, most local taxing jurisdiction's sales taxes could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.

When the individual income tax is eliminated, the department will not have access to individual income tax information from the IRS to identify individuals that did not file or that underreported income in years before 2016, and will not be able to use IRS information to validate property tax credit claims or as a collection tool.

When the individual income tax is eliminated, the department will not be able to participate in the treasury offset program, and may lose millions of dollars each year in offsets.

Section 1(a) Income-based taxes are phased out and tax is to be collected at a rate of 7% to offset the revenue loss.

Section 1(b) The tax measured on the income or earnings of individual is repealed as of January 1, 2014, except as provided in Section 1(c), which establishes a tax on income of not more than three percent. It is not clear if the tax rate is the only component of the current tax on individuals that is repealed, or if all other modifications, deductions, an exemptions provided to individuals under Chapter 143 are also repealed.

Section 1(c) The general assembly shall enact new property tax relief no later than January 1, 2016, beginning in January 1, 2012. It is not clear if this is intended to be a retroactive relief in addition to the existing property tax credit. This provision should be clarified.

Section 1(d) The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state's rights with respect to such taxes.

Section 1(e) Various rates are established in this subsection, but the tax base is left undefined. There is no provision that defines the retail sale price or purchase price, and that the tax would be imposed on that amount. There is no empirical basis to suggest the increase in the sales tax rate to 7% will offset the loss in individual income tax revenue.

Section 1(f)

(6) The term "pharmaceuticals" is vague and will generate litigation. This appears to tax any reimbursement of pharmaceuticals and medical services or those pharmaceuticals or medical services that could be recouped by insurance companies, but may not be. This will cause added confusion for pharmacies and other medical services providers about when tax should or should not be imposed. Many pharmacies have indicated they are not able to collect sales tax from insurance companies.

(8) The term "tuition and fees . . . for educational services" is vague and will generate litigation. The term appears not to exempt from tax some fees paid to universities, such as recreational center fees.

(10) The department recommends defining the term "consolidated earnings."

(11) The terms "agricultural trade" and "agricultural business purposes" are vague and will generate litigation. This exemption is broader than just exempting farmers from sales and use tax, as it includes all related industries, including potentially industries such as meatpacking and agricultural shipping.

(12) "Sales of materials...not for resale or leasing" is vague and will generate litigation. The Department of Revenue is currently involved in litigation regarding a similarly worded current tax exemption. The exemption has been broadly construed by the Supreme Court.

(13) This exemption is very broad and will generate litigation.

(14) "Other similar intangible personal property" is vague and will generate litigation. The term may include complicated investment tools such as credit default swaps, mortgage-backed securities, foreign currency swaps, forward rate agreements, and other financial instruments generally not purchased by those most affected by the tax proposed in the amendment.

(15) "Held exclusively for investment purposes" is vague and will generate litigation.

(19) This exempts the purchase of any tangible personal property by a common carrier in interstate air transport even if the TPP is not used in interstate air transport.

Section 1(j) This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission (ACH). In actions in circuit courts to

enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petition does not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim a credit, but would not be responsible for actually proving it was entitled to it.

Section 6(a)(1) This creates a program similar to the Homestead Preservation Program which has expired. The Department of Revenue administered that program, but it is not clear if the Department of Revenue would be involved in the program created in this Section.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1(d) of both proposals would appear to leave intact such sales tax. However, the provisions contained in Section 1(h) of both proposals would require the tax levied under Section 43(a) (as well as Section 47(a)) of Article IV to be recalculated and adjusted to provide an amount of revenue for each fiscal year substantially equal to the amount received on average annually in fiscal years 2008-2012. Consequently, it appears that both proposals would have an impact on department funds, but the extent and nature of the impact is unknown at this time.

Officials from the **Department of Transportation** indicated:

Constitutional amendment replaces all income tax with a 7% sales and use tax on new, tangible personal property and services with proceeds deposited into the General Revenue Fund; except for the proceeds from the 7% sales and use tax on new motor vehicles (MVs) which shall be deposited into MoDOT funds pursuant to article IV, §30(b) Missouri Constitution. Effective date is 1/1/2014 with a sales tax rate of 5% phased-in to 7% on 1/1/2016.

Based on FY2011 MV sales and use tax revenue with annual growth rates ranging from 2% to 3%. Also, new car sales will decrease due to removing the tax requirement on used cars. Assumes a trade-in allowance reduces the tax burden.

Loss of current sales and use tax revenue from the sale of both new and used MVs. Replaced with a new 7% MV sales and use tax imposed only on the sale of new MVs.

Fiscal Year
(In Millions)

Negative impact from repeal of the current sales and use tax revenue imposed on the sale of new and used MVs:

<u>Entities/Funds</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
MoDOT - State Road Fund	(83)	(171)	(174)	(174)
MoDOT - State Road Bond Fund	(52)	(106)	(109)	(109)
MoDOT - State Transportation Fund	(1)	(3)	(3)	(3)
Cities	(11)	(23)	(24)	(24)
Counties	(7)	(15)	(16)	(16)
DOR - Cost of Collection	(5)	(10)	(10)	(10)
Total	(\$160)	(\$328)	(\$335)	(\$335)

Positive impact from new 7% sales and use tax imposed on the sale of new MVs:

MoDOT - State Road Fund	41	84	104	124
MoDOT - State Road Bond Fund	26	53	65	77
MoDOT - State Transportation Fund	1	1	2	2
Cities	7	13	33	31
Counties	4	9	22	21
DOR - Cost of Collection	2	5	7	8
Total	\$81	\$166	\$232	\$263

Total impact from IP:

MoDOT - State Road Fund	(42)	(87)	(70)	(50)
MoDOT - State Road Bond Fund	(26)	(53)	(44)	(32)
MoDOT - State Transportation Fund	-	(2)	(1)	(1)
Cities	(4)	(10)	9	7
Counties	(3)	(6)	6	5
DOR - Cost of Collection	(3)	(5)	(3)	(2)
Total	(\$78)	(\$163)	(\$103)	(\$73)

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the Office of Administration should it be approved by the voters.

The proposals are identical, except that proposal 11-58 provides the General Assembly options for additional relief for seniors, as described later in this analysis.

The proposals:

1. Prohibit the General Assembly from levying an individual income tax beginning in 2016.
2. Cap the rate of individual income tax at 3% for the years 2014 and 2015.
3. Replace the existing sales tax for the General Revenue and School District Trust Funds with a new sales tax. The tax shall be on all tangible property and services, with the exemptions described below. The tax shall be no more than 5% (with food at 4%) in 2014. In 2016, the cumulative rate of this sales tax and the existing sales taxes for Conservation and DNR shall be no more than 7% (food at 5.5%), as described in Sections 1(e)1 and 1(h).
4. Provide that the combination of these rates and any local rate not directly approved by voters shall not exceed 10% (Section 1(i)4). It is unclear which local governments may be forced to absorb any shortfalls should the cumulative rate exceed 10% before it is adjusted.
5. Direct the General Assembly to provide a mechanism to replace the existing Property Tax Credit (Section 1(c)3).

Revenues from the state sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Section 1(e)2)
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit 1(c)3).
3. Conservation, Parks & Soils, and Motor Fuel Funds (Section 1(e)2).

This sales tax shall apply to all sales of goods or services, except the following exemptions:

- Sales and services exempted from the repeal in Section 1(d), including alcohol, fuel, insurance products, and tobacco;
- Previously taxed goods or services;
- Professional services, including accountants, architects, barbers, cosmetologists, embalmers, engineers, funeral directors, lawyers, or real estate agents.
- Sales, leases, or rents of real property;
- Domestic utilities;
- Unreimbursed individual medical costs;
- Child care services;
- Tuition and fees for elementary, secondary, vocational, or higher education;
- Services rendered by an employee for his employer; or to consolidate earnings;
- Property or services used in agricultural business;

- Manufacturing inputs;
- Construction, warehousing; computer, call center, and employment services;
- Stocks, bonds, or other intangible personal property;
- Certain properties held for investment;
- Insurance products and services;
- Railroad rolling stock, barges, and property purchased or stored by common carriers;
- Gambling sales or wagers;
- Sales to municipal governments, businesses, or charitable organizations, if the sales are for the furtherance of those organizations' purpose;
- Purchases made with food stamps;
- Purchases made through the federal women, infants, and children (WIC) program;
- Sales exempted by certain federal laws, or the U.S. or Missouri Constitutions;
- Any exemptions as approved by a two-thirds majority of the General Assembly and the Governor.

Estimating New Sales Tax Collections

The proposal calls for a cumulative 7% sales tax rate on a newly defined sales tax base.¹ However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access.

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US BEA's NIPA tables as reported by the BEA in August 2011,² excluding items that are non-taxable under federal law or under the proposal (such as higher education spending). BAP estimates that around 67.8% of individual health purchases are either not recouped or reimbursed by non-taxable public sources, based on US Dept. of Health and Human Services data from 2009.³ BAP estimates that an additional 2.3% of sales will be untaxed internet purchases, which is one-half the amount of internet purchases identified in recent data from the US Census Bureau.⁴ Finally, BAP estimates the loss due to explicit avoidance activities, such as traveling across state lines, as equal to the estimated loss due to internet sales. MO

¹ Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate under certain conditions. Estimates from other groups, such as the Institute for Taxation and Economic Policy also suggest something greater than 11% is necessary. See for example: <http://www.showmeinstitute.org/publications/essay/taxes/479-income-taxes-vs-sales-taxes.html> ; or <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

² <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1>

³ http://www.cms.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp#TopOfPage

⁴ http://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf BAP uses the estimate of one-half in recognition that many internet sellers with nexus in Missouri currently remit sales taxes.

expenditures are assumed to be 1.77% of national expenditures, based on MO's portion of personal income in 2010 as reported by the BEA in August 2011.⁵

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal changes prices, via a new sales tax, for many products and services including but not limited to food for home consumption.
- According to US Census Bureau data, roughly two-thirds of MO's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption. There is evidence of this growth in the US Census data cited above.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families.
- This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$3.84 billion in state and local income taxes were deducted in tax year 2009.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

BAP estimates the consumption base in Table 1. At the rates codified in the proposal, this would generate just over \$5.99B in revenues.

⁵ <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=3>

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535,00.html>

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,245.5
Food for Home Consumption (added back at lower rate below)	2.4.5; 27	(659.4)
Net Used Motor Vehicles	2.4.5; 06	(112.4)
Motor Fuel	2.4.5; 36	(280.8)
Alcohol	2.4.5; 28	(106.6)
Tobacco	2.4.5; 44	(94.4)
Professional Services: Accountant	2.5.5; 123	(27.7)
Professional Services: Barber & Cosmetologist	2.5.5; 119	(191.1)
Professional Services: Funeral Director & Embalmer	2.5.5; 126	(19.0)
Professional Services: Lawyer	2.5.5; 122	(96.8)
Utilities	2.4.5; 55	(309.4)
Higher Education	2.4.5; 101	(154.9)
PK-12 Education	2.4.5; 102	(41.4)
Vocational Education	2.4.5; 103	(39.6)
Insurance Premiums	2.4.5; 90	(265.8)
Individual Healthcare (includes nursing homes), not recouped	2.5.5; 39, 43, 50	(1,354.6)
Gambling	2.5.5; 91	(96.6)
Free checking & other financial services	2.4.5; 088	(271.2)
Rental Value of owner-occupied housing	2.4.5; 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5; 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5; 064	(45.1)
Foreign travel by US citizens	2.4.5; 109	(115.4)
Foreign travel into US	2.4.5; 110	138.2
US taxable base		4,630.7
MO share 1.77%:		81.963
Assume 2.3% loss for internet purchases		(1.885)
Estimate loss for other avoidance activities		(1.885)
Taxable Base excluding Food		78.193
Revenues At 7% Rate		5,473,510,000
Food for Home Consumption (added back at lower rate below)	2.4.5; 27	659.4
Food Stamps (not taxable under federal law)	3.12; 021	(66.5)
Net Food Purchases		592.9
MO Share 1.77%		10.494
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Net Food Purchases		10.4
Revenues At 5% Rate		518,950,000
Total Proposed Sales Taxes		5,992,460,000

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. The table includes replacing the Conservation and Parks & Soils sales taxes, since they are to be included in the 7% cumulative rate. Finally, the table includes the replacement of existing motor vehicle sales taxes; which are directed to highway usage by Section 1(e)2 but also subject to the 7% cumulative rate.

⁷ Revenues are as reported in the SAMII Data Warehouse.

Table 2.

Sources by Fiscal Year	2011
Individual Taxes	5,641,731,318
Individual Refunds	(992,658,828)
Property Tax Credit Refunds	(114,887,118)
GR Sales and Use Taxes	1,809,696,986
Sales Tax Refunds	(49,873,488)
SDTF General Taxes	685,534,055
SDTF Motor Vehicle Taxes	66,256,367
Conservation Taxes	86,056,513
Conservation MV Taxes	9,761,825
Parks & Soils Taxes	68,844,490
Parks & Soils MV Taxes	7,809,470
Motor Vehicles Sales Taxes	181,307,337
Total	7,399,578,927
Circuit Breaker Replacement Program	114,887,118
Revenues to Be Replaced	7,514,466,045
Total Proposed Sales Taxes	5,992,460,000
Difference	(1,522,006,045)

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of over \$1.52B when compared to revenue collections in FY 2011. Collections in that year rebounded from FY 2010, but remain well below peak collections in FY 2008. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Property Tax Relief in Proposal 11-58

Section 6(a)1 provides that the General Assembly create a credit against property taxes for qualifying seniors. Those that qualify include those over age 65, with less than 75,000 in income, where their property tax liabilities grow at rates exceeding the specified limits, if the appraised value of that property does not exceed \$400,000. The credit shall be for 50% of the qualifying growth in taxes. The state shall reimburse the counties for 75% of lost revenues. However, any taxpayer that takes relief under this section cannot take the existing Property Tax Credit.

BAP notes that appropriations for the recently expired Homestead Preservation Credit were from \$94,000 to \$3M annually. The proposed program has similar guidelines, and may have similar costs for state and local governments.

Section 6(a)2 provides an additional Homestead Exemption, and the state shall reimburse the local governments for these costs. No additional guidance is given as to the details of this program, therefore, associated costs are unknown.

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2012.

FY 2012 General Revenue Budget (\$M)	
K-12 Education	2,627
Higher Ed Institutions	785
Scholarships	33
State Employee Health Care Plan	234
DMH/DHSS Programs	327
Medicaid	1,743
Corrections	595
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	323

Other Impacts

This proposal effectively eliminates all of the tax credit incentive programs in the state. This would encourage current holders of tax credits who would have otherwise redeemed their credits after 1/1/16 to claim redemptions in an earlier fiscal year. This would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system in transition that may already be inadequately funded. Additionally, the state could not honor existing agreements for "streaming" tax credits authorized to be issued after 2016, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. The sales tax rate would be zero on used vehicles, significantly reducing revenues available to MoDOT. This would create a strong incentive for consumers to forgo purchases of new vehicles, which would further

adversely impact funding for road construction and maintenance. MoDOT can provide a fuller discussion of such issues.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Eliminating income taxes could include elimination of the Non-resident Athletes and Entertainers tax and subsequent disbursement of funds to public libraries and other "cultural partners" as authorized in RSMO 143.183. Based on current revenue estimates from the Missouri Dept. of Revenue, collectively libraries could lose up to \$3,150,000 (10% of collected non-resident income tax revenue) annually if this tax is eliminated.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no impact to their office.

Officials from **St. Louis County** indicated they expect local sales tax revenue, both county and municipal, to decrease significantly as sales are displaced.

The officials said the actual dollar impact is not calculable, however, they believe that the dramatic proposed increase in the state sales tax rate and the broadening of this tax to apply to certain services will dramatically diminish sales in Missouri, shifting purchases to the internet and to neighboring states (Illinois in the STL region, Kansas in the KC region). There could be a dramatic loss of local sales tax revenue as a result.

Officials from the **City of Jefferson** indicated it is unclear what the fiscal impact would be to the city should this petition become law.

Officials from the **City of Kirkwood** indicated they are unable to determine the fiscal impact on their city that may be caused by eliminating an income tax and replacing it with a sales tax.

Officials from the **City of Raymore** indicated there will be no fiscal impact.

Officials from the **City of St. Louis** indicated:

The elimination of the state tax on income and earnings also eliminates tax credits that have been utilized as incentives for development within the City.

Use of Tax Credits has been critical to the revitalization of the City of St. Louis, specifically downtown. Since 1998, **Brownfield Remediation Tax Credits** have been essential in catalyzing over 97 projects; \$130 million in Brownfield Remediation Tax Credits have leveraged over \$2.58 billion in other funds. Additionally, over 12,000 jobs were projected as a result of these projects. (Source: Missouri Dept. of Economic Development 7/15/2010)

Since 2000, approximately 75 **large-scale projects were aided directly by the use of State Historic Tax Credits, leveraging over \$2.8 billion in private investment. These large-scale projects** created over 5,600 jobs for completed projects, with another 1500 jobs anticipated to be created by projects currently underway. Again, these are rough estimates and only contemplate the impact of the historic tax credit on large projects. It does not contemplate the hundreds of smaller projects that would not have been possible without the tax credits - projects which also represent significant investment and job creation.

The low-income housing tax credit has also leveraged significant investment in the City, particularly on the north side. Quick data is not available for this impact, but it is significant. The point here is that without the tax credits as an incentive these projects, jobs and investment would not have happened. Eliminating the tax credits and income tax essentially halts redevelopment in the urban core. No income tax essentially eliminates the buyers of credits.

While the proposed legislation provides for replacement of existing local sales tax revenues with a new local consumption taxes at rates to be determined by the state DOR, the process for achieving tax neutrality is unclear, creating uncertainty with the existing sales tax base of \$150M.

All existing local sales and use taxes are applied to receipts from the sale at retail of all tangible personal property or services as currently defined in Chapter 144 R.S. Mo. By eliminating the provisions of this chapter on the state level the foundation for the imposition of the sales and use taxes on the local level becomes uncertain. The proposed initiative does provide that the Mo. Dept. of Revenue

impose a new rate for local jurisdictions to replace the existing sales tax revenues. However, the method and practicality of establishing a rate that achieves revenue neutrality from an unknown base is unclear. The provision also establishes the targeted new revenue base as the average of receipts from the previous five years prior to January 1, 2014, thus depriving the City of any growth in the intervening period.

Property Tax Credit Provision Impact

The proposed legislation also includes a property tax relief credit for senior homeowners with \$75,000 or less in annual earnings that applies in instances where valuations increase by more than 5%. 75% of the credit is to be reimbursed from the state. In those years in which values are rising, this provision would result in an estimated \$90,000+ cost in administrative fees and an estimated loss of \$95,000 in unreimbursed tax credits.

City of St. Louis Sales and Use Tax Revenues

	<u>FY10</u>	<u>FY11</u>	<u>FY12p</u>	<u>FY13p</u>	<u>FY14p</u>
City Sales Taxes					
General Fund	45,530,000	46,000,000	46,460,000	46,692,000	46,925,000
Capital Fund	16,540,000	16,450,000	16,615,000	16,698,000	16,781,000
Public Safety Sales Tax Fund	16,207,000	16,581,000	16,900,000	16,985,000	17,070,000
Local Parks Fund	4,055,000	4,138,000	4,179,000	4,200,000	4,221,000
Regional Parks Fund	1,508,000	1,530,000	1,545,000	1,553,000	1,561,000
Transportation Sales Tax Fund	16,563,000	16,734,000	16,901,000	16,986,000	17,071,000
Metro Sales Tax Fund	8,614,000	16,734,000	16,901,000	16,986,000	17,071,000
TIF Funds	4,186,000	4,229,000	4,271,000	4,292,000	4,313,000
	113,203,000	122,396,000	123,772,000	124,392,000	125,013,000
Local Use Tax					
Local Use Tax Fund	25,449,000	27,200,000	27,472,000	27,609,000	27,747,000
	25,449,000	27,200,000	27,472,000	27,609,000	27,747,000
Total	<u>\$138,652,000</u>	<u>\$149,596,000</u>	<u>\$151,244,000</u>	<u>\$152,001,000</u>	<u>\$152,760,000</u>

Officials from the **City of Wentzville** indicated this petition will do away with the state income tax, the tax on income or earnings.

In 1/1/14 all laws enacted by general assembly imposing sales and use taxes are repealed. Officials said they see no specification whether this is the state's sales and use tax, or all

sales and use taxes, so they assume all local sales, use and special sales taxes for Capital Improvements, Transportation, Parks and Storm Water, and Economic Development will be wiped out, too.

The state will impose a sales tax of 7% to replace its lost revenue, with a long list of exceptions that will wipe out all source of sales tax except for necessities. Then section (i) voids the sales taxes of counties and other political subdivision and taxing authorities again the officials said they assume this is all sales taxes, even the ones approved by voters and not the general sales tax. A new rate will be produced in the amount to keep revenues equal, but section (1g) caps the cumulative sales tax rate at 10%. If the max is 10% and the state gets 7% that only leaves 3% for counties, cities, etc. If this is just the General Sales Tax of these entities it may be neutral, since the city does not get any income tax or earnings tax. But if the ability to continue to impose a Capital Sales Tax or a Park Sales Tax or a Transportation Sales Tax, to support the community and make improvements to the city, is voided then there is not enough room under the cap to make up the revenues the city will lose. Cities like Wentzville will not be able to survive. The city has bond issues outstanding, with the debt being paid by these, voter approved, sales taxes that the city will not have the revenues to pay. This will put the city in default on the issues and most likely into bankruptcy. Then roads, parks public buildings and infrastructure will no longer be maintained and no one will want to live here anyway.

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in a drastic reduction in general revenue for the State of Missouri, there may be a fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **Metropolitan Community College** indicated the fiscal impact for their college is unknown at this time.

Officials from the **Public Service Commission** indicated this proposed initiative will have no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this petition will not have a fiscal impact on their agency. However, there may be a loss of revenue for the local political subdivisions. Section 6 (a).(1). Property Tax Relief Credit. This agency does not have any information on the number of taxpayers who may be eligible for this tax relief or the amount of the property tax revenue.

The Civic Council of Greater Kansas City provided information as an opponent of this initiative petition.

Overview

Government in Missouri essentially operates with three major sources of revenue:

- The income tax, which is primarily a state source (except for the earnings taxes levied in the City of St. Louis and Kansas City);
- The sales tax, which is utilized by both the state and local governments;
- The property tax, which is exclusively a local government source of revenue (except for the minimal blind pension tax imposed by the state).

The initiative petitions would, in essence, permanently and constitutionally ban the use of an income tax in the future, thereby making Missouri (with a few small exceptions) dependent on only the sales tax for all future revenues. The initiative petitions also ban the use of income-related taxes for local governments; local governments would have only the sales tax and the property tax with which to operate.

The initiative petitions also institute permanent caps on the rates that the state government and combinations of local governments may levy. The state sales tax rate is capped at 7%; the combined local sales tax rates are capped at 3%, a rate well below what many local governments are currently levying.

The initiative petitions also lock into the Constitution the exemptions from this expanded consumption tax, making any future tax revenue increases impossible at both the state and local level (because local governments must tax the same things that the state taxes).

It appears the intent of the initiative petitions is to place both state and local governments in a "Constitutional headlock," locking them into limited revenue sources with Constitutional caps and permanent, Constitutional exemptions. In addition, the initiative petitions lock the state government into revenue levels that are far below current revenues, as the analysis will show below.

The Methodology

For purposes of this analysis, the work will utilize the final Fiscal Year 2011 net general revenue receipts for the individual income tax and the sales tax, without inflating any of the tax receipts forward.

Impact Of Expanding The Sales Tax Base To Include Food

Missouri does not currently tax food for the \$.03 sales tax that goes into the General Revenue Fund. However, the \$.01 Proposition C sales tax does tax food purchased at retail for home consumption. Therefore, the analysis allows for a calculation of how

much additional revenue would be generated by taxing food at the rate of \$.055, as stipulated by the initiative petitions.

The calculation is as follows (in thousands):

Table 1
Revenues Generated By Taxing Food

Sales Tax at 3%--General Fund	\$1,759,822
Sales Tax Revenue Per \$.01 Of Tax	\$586,607
Prop C Sales Tax (including food)	\$716,269
Sales tax generated by taxing food per \$.01	\$129,662
Revenue Generated By Taxing Food At \$.055	\$713,139

It should be noted that while the initiative petitions expand the state tax base to include food, food purchased at retail for home consumption is already taxed by local governments, so expanding the state definition has no impact on local government revenues.

How Much Revenue Is Generated by Increasing The Current Sales Tax To 7% And Taxing Food At 5.5%?

The current Missouri sales tax of 3% generated net sales tax receipts for Fiscal Year 2011 of \$1,759,822,000. Therefore, each penny of sales tax levied generated \$586,607,000 in sales tax receipts.

The following calculation, utilizing the final FY 2011 sales tax receipts and the final receipts from taxing food through Proposition C, illustrates the impact of expanding the current sales tax to 7% and taxing food at 5.5% in 2016, when the changes are fully implemented:

Table 2
Revenue Generated With 7% Sales Tax and Food Taxed at 5.5%
(in thousands)

Current Sales Tax Receipts at \$.03	\$1,759,822
Sales Tax Revenue Per \$01. Of Tax	\$586,607
Increase Rate To \$.07	\$4,106,251
Add Taxation Of Food At \$.055	\$713,139
Total Tax Revenue Without Taxing New Items	\$4,819,390
Less: Conservation Sales Tax	\$89,966
Less: Parks and Soils Sales Tax	\$76,654
Total Tax Revenue At 7% Sales Tax and 5.5% Tax On Food	\$4,652,770

How Do These Revenues Compare To Current Revenues That Would Need To Be Replaced?

Increasing the current sales tax to 7% and taxing food at 5.5% does not generate adequate revenue to replace current revenues that will be eliminated under the initiative petitions. In Fiscal Year 2011, the individual income tax generated \$4,840,299,000 in tax receipts to the General Fund. The current 3% sales tax would need to be replaced by the 7% sales tax, so the amount of \$1,759,822,000 that was the final receipts for FY 2011 must be included in the replacement calculation.

The initiative petitions also replace the 1% Proposition C sales tax, which generated \$716,269,000 in Fiscal Year 2011. Finally, the initiative petitions call for a continuation of a Senior Citizens Circuit Breaker program, which was estimated in the Fiscal Year 2012 Governor's budget to cost \$120,000,000.⁸

In addition to the repealed taxes, any competent fiscal analysis should recognize that there are a multitude of tax credits outstanding that are liabilities of the state. Most of these tax credits are currently taken against the individual income tax. By eliminating the

⁸ Although the earlier nine initiative petitions submitted by Let Voters Decide would have also repealed the corporate income tax, the current two new initiative petitions do not repeal the corporate income tax.

individual income tax, this proposal would limit the ability of tax credit holders to redeem their tax credits.

In earlier submissions in support of the nine initiative petitions previously filed, Let Voters Decide argued that the credits could simply be taken against the insurance premium tax and the corporate income or franchise tax. Since that time, the corporate franchise tax has been repealed by the General Assembly. If one combined the receipts from the insurance premium tax and the corporate income tax, they would have combined receipts of approximately \$377 million. Total tax credit redemptions in FY 2011 equaled \$545 million, including the cost of the Senior Citizen Circuit Breaker.

Even if these credits were taken against the corporate income tax and the insurance premium tax, they are a reduction from revenues that must be accounted for in this discussion. Therefore, the total tax revenues that need to be replaced are:

Table 3
Current Tax Revenues/Programs That Need To Be Replaced
(in thousands)

Individual Income Tax	\$4,840,299
3% Sales tax	\$1,799,822
Senior Citizens Circuit Breaker	\$120,000
1% Prop C Sales Tax	\$716,259
Tax Credits Already Issued/Earned	\$425,000
 Total To Be Replaced	 \$7,901,380

Governmental Death Begins In 2014

While the proponents of the initiative petitions have pushed the ultimate devastation of state and local governments out to 2016, when the whole proposal is fully implemented, the first phase actually happens in 2014, when their manipulation of the tax base shows the true devious nature of these proposals.

In 2014, the sales tax rate goes up 1/3 of the 3% (thereby 33.33%) increase that the proponents ultimately envision will be the increased rate in 2016. However, the income rate is cut in half (or 50%). There is no doubt that state government will be a net loser in 2014, even if one were to believe that these proposals were somehow revenue neutral, which they are clearly not.

In 2014, food could be taxed at a 4% rate, but the Proposition C sales tax already taxes food at 1%, so the net increased rate on food would be a 3% tax rate.

Table 4
Net General Revenue Loss In 2014

\$.01 Increase In Sales Tax Rate	
New Tax Revenue	\$586,607
\$.03 Increase In Tax On Food	\$388,986
 Total Increased Revenue	 \$975,593
 Estimated Lost Income Tax Revenue	
Reducing Income Tax Rate From 6% to 3%	\$2,420,150
 Estimated Net Lost General Revenue In 2014	 <u>(\$1,444,457)</u>

The Greater Imbalance In 2016

The difference between the new revenues generated from a sales tax of 7% on most items and a 5.5% sales tax on food (Table 2) and the revenues that need to be replaced (Table 3) creates a gap of well over \$3 billion, when considering current revenues to be replaced, continuing the Senior Citizen Circuit Breaker, and accounting for outstanding tax credits. The previously submitted nine initiative petitions would have arguably filled some of that gap by taxing things that are not currently subject to state sales tax, such as health care, utilities, child care, and professional services. Those services are specifically excluded from sales taxation by the two new initiative petitions.

The only expanded service that could be identified that would be taxed under the new initiative petitions would be cable and satellite telecommunications providers. It also appears that the sale of advertising would be taxed if authorized by the Missouri General Assembly.

The proponents of the initiative petitions frequently tout that their proposals are based upon the tax system in Tennessee, which levies a sales tax at 7% and a tax on food at 5.5%, similar to these two initiative petitions. Therefore the analysis examined tax expenditures in Tennessee to determine what they exclude from taxation.

Attached is the tax expenditure page from the Tennessee state budget. It appears that virtually all of the tax expenditures in Tennessee (except possibly advertising) are exempted in the initiative petitions. With the exception of advertising (which in Tennessee has a tax expenditure of \$133 million), there are no new revenues to be generated by expanding the services that are taxed under the two initiative petitions. Therefore, the gap between current revenues and the new revenues to be generated by either of the initiative petitions continues to be nearly \$3 billion.

In 2016, the 7% tax rate must also account for the constitutional sales taxes for conservation and parks and soils that are authorized by Sections 43 (a) and 47 (a) of Article 4 of the Missouri Constitution. In Fiscal Year 2011, the Conservation Sales Tax had receipts of \$89,966,000, while the Parks and Soils Sales Tax had receipts of \$76,654,000.

The Impact On Local Governments

The initiative petitions would also cap the local sales tax rate at 3%. Because local governments already tax food purchased for home consumption, and there are minimal expansions of services to be taxed under the initiative petitions, any local governments with a combined city/county tax rate in excess of 3% would have a revenue loss under the initiative petitions. There are a multitude of local governments in the state where the combined city/county tax rate is in excess of 3%, including:

Table 5
Selected Local Governments With Combined Sales Tax Rates Above 3%

<u>County</u>	<u>City</u>	<u>Local Tax Rate</u>
Franklin	Union	4.25%
Lincoln	Troy	3.95%
St. Louis	Clayton	3.95%
Warren	Warrenton	3.75%
Washington	Potosi	4.00%
Platte	Kansas City	3.63%
Jackson	Kansas City	3.50%

Many current local sales taxes have sunset clauses that require a periodic reauthorization by the voters in order to continue the tax. Arguably, the initiative petitions prohibit such reauthorizations, meaning that all current taxes with a sunset provision would effectively end on the date of sunset (unless approved by a 4/7 majority of the voters). Further, it is unclear in the initiative petitions whether any future reauthorization of an existing sales tax would count towards the 3% cap.

The Calculation Of The Local Rate

Section 1(i)(2) of both the initiative petitions state that a new rate shall be imposed by the counties, other political subdivisions and other taxing jurisdictions on sales and services to produce an amount of revenue substantially equal to the amount that was produced by the prior rate of the tax on average in the five years prior to January 1, 2014. However, the calculation of the local rate by the Department of Revenue is based upon a schedule of events that can never happen. Section 1(i)(3) requires the Department of Revenue to provide a new rate to the counties, other political subdivisions and other taxing jurisdictions no later than September 1, 2013. The year 2013 would be included in the five year period, and the calendar year would not be completed by September 1, 2013. Therefore, the Department of Revenue could not possibly perform the calculation

required by this new Constitutional section and give a correct rate to the counties, other political subdivisions and other taxing jurisdictions.

The Tennessee Balancing Act

Proponents of the initiative petitions cite Tennessee as the example of how having only a sales tax and no income tax provides an economic engine for growth. This argument ignores the fact that Tennessee balances its budget with much higher taxes on businesses than Missouri levies, and that trying to replace existing revenues with only a sales tax similar to that in Tennessee would create a dramatic revenue shortfall.

Tennessee has a corporate income tax, but it is called an excise tax. Tennessee has a franchise tax that generates dramatically more than the franchise tax in Missouri (which was recently repealed by the General Assembly). Tennessee imposes an annual "privilege tax" of \$400 on anyone licensed as a professional in Tennessee, from doctors and lawyers to real estate agents. Tennessee levies a gross receipts tax of 3% on its gas, water and electric utilities. While these taxes would ultimately be paid by consumers, they do not show up as a sales tax, but rather as a gross receipts tax on the utility. In a similar fashion, Tennessee imposes a gross receipts tax on bottlers and on vending machines. Tennessee also has an income tax on interest and dividend income, although the proponents would have you believe that there are no income taxes in Tennessee.

In the aggregate, all of these business taxes add up, as shown in the table below:

Table 6
Tennessee Taxes On Individuals, Businesses and Professions

<u>Tennessee</u> <u>Tax Type</u>	<u>Estimated FY 2010-2011 Receipts</u>
Income Tax On Interest, Dividends	\$199,500,000
Privilege Tax	\$226,000,000
Gross Receipts Tax--TVA And Other	\$344,700,000
Franchise Tax	\$596,000,000
Excise tax	\$891,400,000
Business Tax	\$157,900,000
Total	\$2,415,500,000

This table clearly shows that Tennessee does not provide services for its citizens with only a 7% sales tax on most items and a 5.5% sales tax on food.

The Tennessee Single Article Sales Tax and Other Tennessee Tax Quirks

The proponents would have you believe that the state sales tax in Tennessee is limited to 7%. This is not true. Tennessee, in addition to the 7% sales tax, also levies a "Purchases of Single Articles" tax of 2.75% (which is a state only tax) on the cost between \$1,600 and \$3,200 of any item of any single article sold. (Pages 14-15, Tennessee Sales and Use Tax Guide, February 2011). Therefore, for every item above \$3,200 in value, the state levies an additional sales tax of \$44, on top of the normal 7% tax rate.

All satellite television programming to homes is taxed at 8.25%. Tennessee also taxes cable and wireless services at a rate different than 7%. Cable and wireless charges of less than \$15 are exempt by law. Cable and wireless services of \$15.01 to \$27.50 are taxed at the state rate of 8.25%. Charges of \$27.51 and higher are taxed at the normal state and local rates. (Page 7, Tennessee Sales and Use Tax Guide, February 2011).

Proving Our Analysis Is Correct By Using Tennessee Revenues

The proponents imply that Missouri can replace existing revenues by simply mimicking the Tennessee sales tax system. This simply is not true.

In its Fiscal Year 2011-2012 budget request, Tennessee estimated its Fiscal Year 2011 sales tax receipts to be \$6.4 billion. This is obviously far less (approximately \$1.5 billion less) than the revenues that need to be replaced as outlined earlier in our Table 3. Therefore, if Missouri taxed exactly as Tennessee imposes the sales tax, the state would incur at least a \$1.5 billion shortfall under the proposed initiative petitions.

However, the initiative petitions do not tax in the same manner as Tennessee. For example, the Single Article Sales Tax in Tennessee imposes an additional 2.75% tax on the price between \$1,600 and \$3,200 in the purchase of any single item. Water bills are exempted from the proposed Missouri version of the sales tax, while water bills are taxed at state tax rate of 7% in Tennessee (plus the local tax rate). Satellite television services are taxed at 8.25% state rate, not 7%.

If these taxes that will not be imposed in Missouri are eliminated from the calculation (Single Article Sales Tax, tax on water bills) or taxed at a lower rate in Missouri (satellite television) than in Tennessee, in order to get an "apples to apples" estimate of revenues, it would likely reduce the comparable Tennessee revenues to below \$6 billion, and expand the shortfall to in excess of \$2 billion.

Suggested Wording For Fiscal Impact Statement

The Auditor's fiscal impact statement must advise the public of the dire consequences of these proposed initiative petitions if adopted. The Civic Council of Greater Kansas City suggests the following language for your consideration:

Eliminates the individual income tax and replaces it with a state sales tax not to exceed 7%, with many constitutional exemptions from the sales tax. Net general revenue will lose over \$1 billion in 2014 and \$3 billion in 2016. State services will be cut to balance the reduced revenues.

Major Tax Exemptions from the Sales and Use Tax
Currently Untaxed Services: Table 1-A

Service/Product Area Exempted	FY 2011-2012 Estimated Loss	
	State	Local *
Administrative and Support Services	\$ 362,900,000	\$ 124,400,000
Collection Agencies and Credit Bureaus	25,400,000	8,700,000
Employment Services	199,600,000	68,400,000
Investigation and Security Services	45,300,000	15,500,000
Mail, Document Reproduction, and Call Centers	18,600,000	5,700,000
Services to Buildings and Dwellings	75,000,000	26,100,000
Construction Services	\$ 754,800,000	\$ 262,200,000
Construction of Buildings	252,900,000	85,700,000
Heavy and Civil Engineering Construction	105,700,000	36,200,000
Specialty Trade Contractors	496,200,000	139,300,000
Educational Services	\$ 45,600,000	\$ 15,700,000
Educational Services (for-profit)	41,000,000	14,100,000
Educational Services (non-profit)	4,600,000	1,600,000
Finance, Insurance, and Real Estate	\$ 280,200,000	\$ 96,200,000
Investment Banking, Securities Brokerage, and Related	91,500,000	31,400,000
Insurance Agents and Related	71,000,000	24,400,000
Real Estate Agents and Brokers	117,600,000	40,400,000
Health Care and Social Services (For-profit)	\$ 779,200,000	\$ 267,100,000
Physicians and Dentists	450,300,000	154,400,000
Other Health Practitioners	53,400,000	18,300,000
Hospitals	89,900,000	30,800,000
Nursing and Residential Care Facilities	85,700,000	29,400,000
Outpatient Care Centers	32,700,000	11,200,000
Medical and Diagnostic Laboratories	25,700,000	8,800,000
Other Selected Health Services	10,800,000	3,700,000
Social and Community Services	30,600,000	10,500,000
Health Care and Social Services (Non-profit)	\$ 480,300,000	\$ 164,800,000
Hospitals	388,000,000	136,500,000
Nursing and Residential Care Facilities	27,900,000	9,600,000
Outpatient Care Centers	27,000,000	9,300,000
Other Selected Health Services	6,600,000	2,300,000
Social and Community Services	20,600,000	7,100,000
Information Services	\$ 59,000,000	\$ 18,400,000
Data Processing Services	24,500,000	8,400,000
Movie Production and Sound Recording Studios	6,500,000	2,400,000
Cable TV Subscriptions (exempt amount)	15,500,000	3,400,000
Newspaper Subscriptions and Sales	12,100,000	4,200,000
Media Advertising Sales	\$ 135,800,000	\$ 46,600,000
Newspaper Advertising	40,200,000	13,800,000
Radio Advertising	29,100,000	8,900,000
Television Advertising (Broadcast and Cable)	75,500,000	25,900,000
Personal Services	\$ 87,900,000	\$ 30,100,000
Coin-operated Laundry	2,900,000	1,000,000
Death Care Services	10,000,000	5,500,000
Diet and Weight Loss	1,800,000	600,000
Hair, Nail, and Skin Care Services	39,200,000	13,400,000
Non-Profit Amusement and Membership Organizations	28,000,000	9,600,000
Professional and Technical Services	\$ 728,800,000	\$ 249,700,000
Accounting, Tax Return Preparation, and Payroll	85,000,000	32,600,000
Advertising and Public Relations	33,000,000	11,300,000
Architectural Services	25,500,000	8,700,000
Engineering Services	154,600,000	53,000,000
All other Architectural, Engineering, and Related	14,800,000	5,100,000
Specialized Design Services	17,400,000	6,000,000
Computer Systems Design and Related Services	48,000,000	16,400,000
Legal Services (profit and non-profit)	196,400,000	67,000,000
Management, Scientific, and Technical Consulting	153,300,000	52,500,000
Scientific Research and Development (profit and non-profit)	28,800,000	7,100,000
Transportation Services (Local Trucking only)	\$ 60,800,000	\$ 20,900,000
Truck Transportation (Local)	60,800,000	20,900,000
Total Revenue Loss	\$ 3,785,400,000	\$ 1,296,100,000

* Local revenue loss calculated based on an average local sales tax rate of 2.40%.

Source: Tennessee Department of Revenue

Marc H. Ellinger provided information as a proponent of this initiative petition.

Executive Summary

This document describes four potential scenarios for the future taxable base under our measure if approved by voters. Under the expected scenario, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$180,728,190 and no impact on local government revenue.

Mr. Ellinger said he first estimates the existing sales tax base using data from the Department of Revenue. Reported taxable sales for FY2010 are \$72.2 billion, but these figures significantly overstate the taxable base as they do not account for losses from excluding food sales, food stamp purchases, timely payment discounts and various other exemptions. The effective sales tax base is calculated to be \$59.6 billion FY2010. The effective sales tax base is calculated using data on actual tax collections from the Department of Revenue.

To estimate the tax base under the measure, national accounts from the U.S. Bureau of Economic Analysis are first translated to state accounts using a widely used personal income ratio method and then used to estimate the size of all exemptions in the measure. Next, the total potential taxable base of \$438 billion is derived from the same BEA accounts. Finally, all exemptions are subtracted from the potential tax base to arrive at an estimated tax base of \$111.3 billion in FY2010.

The estimated sales tax base under the measure is projected to have generated \$7,663 million (33.82% of the state's budget) in FY2010. The tax base would have constituted 45.61% of Missouri's Gross State Product in 2010. This compares favorably to other no-income tax states. Data from other no-income tax states that impose a sales tax demonstrate that the measure would be consistent with the experience of those seven states, which generate between 17.45% and 35.15% of their state budgets from state sales taxes (vs. 33.82% projected under the measure), and have effective tax bases between 33.72% and 63.03% of Gross State Product (vs. 45.61% projected under the measure).

Missouri's Net State Income Tax combined with the Senior Property Tax Credit in FY2010 was \$4,434 million out of a total budget of \$22,661 million. Replacing the state income tax under the measure can be conceptualized as increasing the sales tax rate on the existing tax base by 2.775%, expanding the sales tax base, and taxing food at a discounted rate of 5.5%. If the measure was in effect in FY2010, the revenues from these three sources are projected to have raised \$1,656, \$3,058, and \$437 million respectively for a combined \$5,150 million; far in excess of the needed \$4,434 million.

If approved, the measure would reduce personal income tax rates to 3% starting January 1, 2014 while simultaneously broadening the tax base and raising the sales tax rate to 5%. Two years later, on January 1, 2016, income taxes would be eliminated completely while the sales tax rate would increase to 7%.

To project the fiscal impact of the measure Mr. Ellinger said he constructed four scenarios. The expected scenario assumes no dynamic effects of the measure on economic growth. Scenarios two, three and four examine the impact of faster economic growth expected to result, should the measure be approved. Under all four of the scenarios, Mr. Ellinger said he projects no impact in FY2013 given that no changes happen until January of 2014. In FY2014, under each scenario, the projected fiscal impact on state revenues is positive. Under no scenario does Mr. Ellinger said he projects any impact on local government revenues.

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- Appendix – Revenue Volatility

Current Sales Tax Base

Any rigorous discussion of the future sales tax base must begin with an analysis of the current sales tax base and its composition. The Missouri Department of Revenue publishes reports about taxable sales,¹ providing a good starting point for the analysis of the current tax base. According to the reports available, Missouri's taxable base was \$72.2 billion in FY2010 – calculated as calendar year 2009 Q3 and Q4 + calendar year 2010 Q1 and Q2.

However, the Department of Revenue's report of taxable sales is not an accurate picture as it overstates the tax base of the General Revenue sales tax. The overstatement results from not making deduction for the following (1) food sales are not subject to the General Revenue sales tax,² (2) food stamp purchases are exempt from all sales taxes,³ (3) the state offers a discount to retailers for making timely payments;⁴ (4) various tax exemptions narrow the tax base.⁵ Mr. Ellinger said he believes these items are the major contributors in the Department of Revenue's overstatement of the taxable base, but this list is not exhaustive.

A more appropriate method for calculating the sales tax base is to start with actual revenues collected and using the sales tax rates applicable, to calculate the effective sales

tax base. To start Mr. Ellinger said he uses actual taxes collected as reported by the Missouri Department of Revenue and compiled by The State & Regional Fiscal Studies Unit, Research Center at the University of Missouri-Columbia.^{6,7} Reported revenue from "General Sales & Use" taxes for FY2010 was \$1,790,181,500. Mr. Ellinger said he divides this number by the sales tax rate to General Revenue of 3%.⁸ The resulting, "effective tax base" is \$59,672,716,666 or \$59.6 billion.

Since the general sales tax is not levied upon food - the resulting tax base excludes food purchases. To calculate the effective sales tax base including food purchases Mr. Ellinger said he uses actual collected sales revenue dedicated to the Education Trust Fund. This sales tax of 1% is levied upon all taxable sales including food sales and is also often referred to as "Proposition C" sales tax as it was established by Proposition C, passed in 1982 with the approval of 53.2% of Missouri voters.⁹ Sales tax collections for the Education Trust Fund in FY2010 totaled \$676,135,700. Dividing by the tax rate of 1%, Mr. Ellinger said he calculates an effective tax base of \$67,613,570,000 or \$67.6 billion. Since the biggest difference between the General Revenue Sales Tax base and the Education Trust Fund Sales Tax base is the taxation of food for home consumption, Mr. Ellinger said he can estimate the amount of food sales as the difference between the effective tax bases. The data is summarized in the table below.

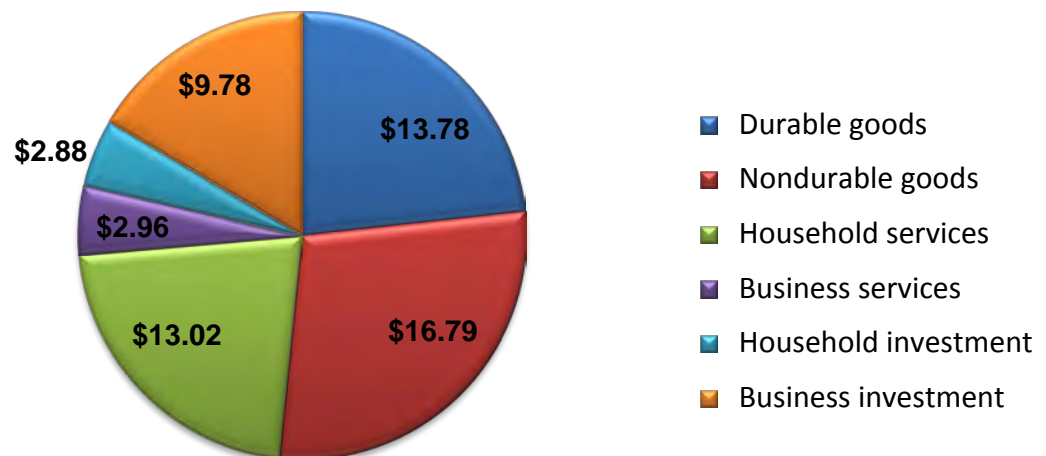
Fiscal Year, nominal dollars (\$ '000)	2005	2006	2007	2008	2009	2010
General Revenue Tax Collections	1,830,038	1,910,620	1,967,200	1,973,768	1,882,210	1,790,182
Education Trust Fund Tax Collections	675,963	712,320	728,240	735,849	701,560	676,136
Effective Tax Base						
General Revenue	61,001,267	63,687,333	65,573,333	65,792,267	62,740,333	59,672,717
Education Trust Fund	67,596,300	71,232,000	72,824,000	73,584,900	70,156,000	67,613,570
Estimated Food Sales less food stamp purchases	6,595,033	7,544,667	7,250,667	7,792,633	7,415,667	7,940,853
General Revenue Sales Tax Rate	3.0%					
Education Trust Fund Tax Rate	1.0%					

As the next step in the analysis of the existing tax base, Mr. Ellinger said he determined the composition of the sales tax base using macroeconomic accounts from the Bureau of Economic Analysis. To do this, Mr. Ellinger said he started from national accounts and scaled them to the size of Missouri's economy using the ratio of Missouri's personal income to national personal income. This method of mapping national accounts to state

accounts is widely accepted and has been used by state governments,¹⁰ universities¹¹ and most importantly, Mr. Ellinger said in his judgment, Missouri's Office of Administration.¹²

In the analysis of the current tax base Mr. Ellinger said he uses the Bureau of Economic Analysis' accounts for "Personal Consumption Expenditures by Type of Product,"¹³ "Private Fixed Investment in Structures by Type,"¹⁴ "Private Fixed Investment in Equipment and Software by Type,"¹⁵ "Government Social Benefits,"¹⁶ and "Intermediate transactions."¹⁷ Analyzing the state statutes and macroeconomic accounts Mr. Ellinger said he estimates the composition of the existing state taxable base using the categories defined by the BEA.

FY2010 Current Tax Base - \$59 billion



[1] <http://dor.mo.gov/publicreports/>

[2] <http://www.moga.mo.gov/statutes/C100-199/1440000014.HTM>

[3] <http://www.moga.mo.gov/statutes/C100-199/1440000037.HTM>

[4] <http://www.moga.mo.gov/statutes/C100-199/1440000030.HTM>

[5] <http://www.moga.mo.gov/statutes/C100-199/14400000710.HTM>

[6] <http://eparc.missouri.edu/Publication/HistTax/Section01/Orp01.pdf>

[7] <http://eparc.missouri.edu/Publication/HistTax/Section01/Orp34.pdf>

[8] <http://dor.mo.gov/business/sales/>

[9] [http://ballotpedia.org/wiki/index.php/Missouri_Proposition_C_\(1982\)](http://ballotpedia.org/wiki/index.php/Missouri_Proposition_C_(1982))

[10] <http://www.green.maryland.gov/mdgpi/1a.asp>

[11] http://www.uvm.edu/giee/genuine/Vermont_GPI_methods.pdf

[12] <http://www.auditor.mo.gov/notes/11-15.pdf>

[13]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=70&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[14]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=151&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[15]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=157&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[16]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=110&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[17] http://www.bea.gov/industry/iotables/table_list.cfm?anon=975584&CFID=4715180&CFTOKEN=d79318e0618bf897-DB9C3496-EACA-1C45-C9DA6A15F742E2BD

Projected Future Sales Tax Exemptions

Under the proposed constitutional amendment, all sales of goods and services, unless specifically exempt, are subject to sales tax. Consequently, in estimating the total tax base, estimating the size of the exemptions is crucial. Based on the analysis of the national accounts from the BEA, existing state laws and the language of the proposed constitutional amendment Mr. Ellinger said he derived the size of the total potential tax base and the size of exemptions in the measure. In FY2010, Missouri's share of national personal income was 1.7675%,¹ total gross state product was \$244 billion,² and intermediate transactions between businesses totaled an estimated \$194 billion.³ The data is summarized below.

Definitions:

Intermediate transaction (business to business) – transaction between businesses for goods and services as part of a company's normal operations

Gross State Product – final output of businesses, non-profits and government services

Missouri's 2010 share of national personal income	1.7675%	http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4 table (SA1-3)
Missouri's 2010 reported gross state product	\$244 billion	http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1
Missouri's 2010 estimated intermediate transactions based on BEA input output tables and Missouri's share of national personal income	\$194 billion	http://www.bea.gov/industry/iotables/table_list.cfm?anon=974801&CFID=1567841&CFTOKEN=6d48b48a7e69692a-244C7BF1-E52C-901F-E671492F41AFCA9C
Total potential base	\$438 billion	

[1] [http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4 table \(SA1-3\)](http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4 table (SA1-3))

[2] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1>

[3] http://www.bea.gov/industry/iotables/table_list.cfm?anon=974801&CFID=1567841&CFTOKEN=6d48b48a7e69692a-244C7BF1-E52C-901F-E671492F41AFCA9C

Projected Future Sales Tax Base

Mr. Ellinger said he has examined the impact of cross border sales on the measure and the effective sales tax base. The available data indicates that cross-border sales are most often relegated to big-ticket items, alcohol and tobacco products.^{1,2,3} It also indicates that most day-to-day shopping is done close to home. Missouri benefits from having the lowest tobacco excise tax in the country and among the lowest alcohol excise taxes of any surrounding state.

The same data reveals that when relocating, households that buy homes and are employed are more likely to live in the state with the lower income tax rate.¹ Since most day-to-day shopping is done close to home, the location of the principle residence benefits from the day-to-day spending. In multi-state Metro areas "with large differences in income tax rates but similar sales and local taxes and measured public services," there is "more pronounced stratification with higher income households living in the state with the lower income tax rate."¹

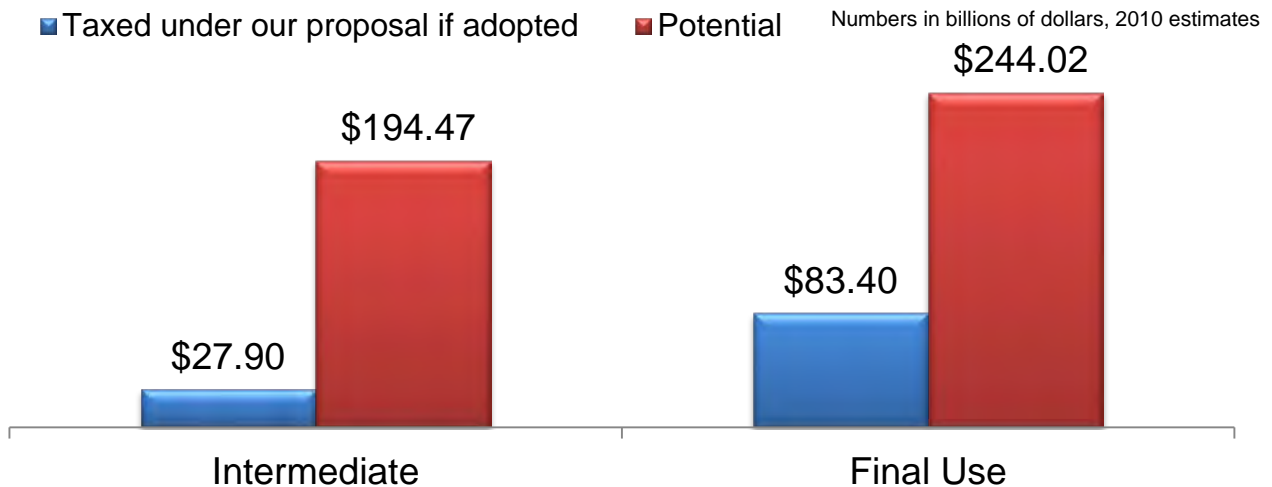
A simple measure of the impact of a higher sales tax rate on cross-border sales can be obtained by reviewing of the number of Wal-Mart locations located inside and on the borders of Missouri (4.225% sales tax) and Tennessee (7% sales tax). The prevailing "wisdom" would be that Tennessee with the highest sales tax rate of any of its neighbors would have fewer Wal-Mart locations within 15 miles of the border. Data from Wal-Mart reveals that the number of stores on the border of Missouri numbers 31 and Tennessee numbers 32. If the higher sales tax of Tennessee was a factor in driving cross-border sales, you would see few stores on the border particularly given the fact Tennessee has fewer total Wal-Mart stores (115) than Missouri (120).

The final indicator that cross-border sales are not a significant impact is firsthand information from Tennessee. The Tennessee State Comptroller provided information to a team of Missouri visitors regarding the issue of cross-border sales or "leakage" as he calls it. Comptroller Justin Wilson dismisses the cross-border impact on Tennessee and provides an almost identical comparison to the situation that exists in Kansas City, streets serving as stateliness, found in the Tri-cities area of northeaster Tennessee. His description of the impact of cross-border sales in Tennessee begins at approximately 00:06:40.⁴ Given the academic studies and empirical evidence, Mr. Ellinger said he views cross border transactions as not altering the basic premises of the models. The available margins of error built into the modeling are expected to account for changes in spending patterns should the measure be adopted.

If the total gross state product and all intermediate transactions were taxable, the tax base would be \$438 billion. Mr. Ellinger said he uses this number as the starting point and subtract exemptions, government, non-taxable items and a margin of error to account for revenue losses due to tax evasion and other forms of tax base erosion. The top ten

exemptions are exempt business-to-business transaction (\$166,576 million), healthcare (\$29,542 million), imputed rental value of owner occupied real estate (non-cash, non-taxable, \$22,057 million), nonresidential real estate (\$7,981 million), rent (\$6,299 million), residential real estate (\$6,064 million), insurance (\$5,616 million), pharmaceuticals (\$5,567 million), utilities (\$5,363 million), motor vehicle fuels (\$5,110 million). Combined, the top ten exemptions totaled \$260 billion dollars while all other exemptions (including government) have been calculated to total \$66.5 billion. In total, all exemptions are estimated to be \$326,706 million. Subtracting exemptions from the total potential tax base results in an estimated FY2010 sales tax base of \$111,294 million or \$111.3 billion. The data is summarized below.

Tax Base \$111.3B w/Measure (\$27.9 + \$83.4)



Top Ten Exempt – numbers in millions of dollars, 2010 estimates

Business-to-business transactions	166,576.76
Healthcare	29,542.80
Imputed rental value nonfarm housing	22,057.00
Real Estate: Nonresidential	7,981.90
Rental	6,299.10
Real Estate: Residential	6,064.20
Insurance	5,616.60
Pharmaceutical and other medical products	5,567.50
Household utilities	5,363.60
Motor vehicle fuels	5,110.70

Also exempt:

Financial services furnished without payment (free checking)	SNAP (Food Stamps)
Industrial and farm machinery	General industrial, including materials handling, equipment
Final consumption of nonprofits serving households	Special industry machinery
Education services (K12, Higher Ed, commercial and vocational)	Nonmedical instruments
New motor vehicles	Agricultural machinery
Social services and religious activities	Electrical transmission, distribution, and industrial apparatus
Gambling	Fuel oil and other fuels
Net purchases of used motor vehicles	Rental (commercial)
Ground, air and water transportation	Fabricated metal products
Medical equipment and instruments	Metalworking machinery
Engines and turbines	Construction machinery
Net expenditures abroad by Missouri citizens	Service industry machinery
Electrical equipment.	Mining and oilfield machinery
Postal services (USPS only)	Food furnished to employees (including military)
Group housing	Food produced and consumed on farms

[1] <http://www.ifiqr.org/workshop/spring09/Hoyt.pdf>

[2] http://www.be.wvu.edu/div/econ/work/pdf_files/05-12.pdf

[3] <http://www.taxfoundation.org/news/show/239.html>

[4] <http://www.youtube.com/watch?v=smHVD9QHnjg>

Sales Tax Bases in Other No-Income Tax States

After calculating the proposed sales tax base, Mr. Ellinger said he performed a similar analysis of existing sales tax bases in no-income tax states as well as the sales taxes collected in the context of state budgets. Mr. Ellinger said he uses data collected by the US Census Bureau^{1,2,3} on state and local governments combined with information from the individual states' departments of revenue.^{4,5,6,7,8,9} The US Census Bureau's data is the most appropriate source Mr. Ellinger said in his judgment because it uses a standardized classification for tax revenues and state budgetary accounts allowing for an accurate comparison between the states. In the analysis Mr. Ellinger said he used the latest data available which at the time of this document's writing was FY2008.

When estimating revenues under the measure, Mr. Ellinger said he has accounted for the fact that fiscal years and calendar years do not cover the same time periods. Fiscal years in Missouri span the last two quarters of the previous year and the first two quarters of the calendar year in which the fiscal year ends. To map between calendar years and fiscal years, Mr. Ellinger said he used data on reported taxable sales from the Missouri Department of Revenue. Mr. Ellinger said he calculated how much of the total sales of a given calendar year occurred in each half of the fiscal year and then used those ratios to calculate the taxes that would have been collected from an expanded sales tax base. In the models, FY2010 captured 50.9774% of sales from calendar year 2009 and 48.4991% of sales from calendar year 2010. Based on the estimated tax bases of \$108.8 and \$111.3 in calendar years 2009 and 2010 respectively, Mr. Ellinger said he calculated total expected tax collection in FY2010 to be \$7,663 million.

Given Missouri's actual spending in FY2010 of \$22,661 million,¹⁰ sales taxes under the measure would have contributed 33.82% of the total state budget, falling within the range of other no-income tax states. Of the nine states that have no income tax, seven have broad sales taxes (Alaska and New Hampshire have neither an income tax nor a state sales tax). In those seven states, general sales taxes as a percentage of total state budgets, contributed between 17.45% in Wyoming and 35.15% in Washington. The data collected give confidence that the estimates are feasible as is the degree of the projected reliance on sales taxes. The data is summarized below.

Projected FY2010 Sales Tax Revenues under the measure: \$7,663 million.

FY2010 Missouri Budget: \$22,661 million.

Projected sales tax revenue as % of state revenues in FY2010: 33.82%

Sales Taxes as % of State Budgets

	Sales Tax Rate	State Budget (\$ '000)	General Sales Tax Revenue (\$ '000)	as % of State Budget
Alaska	0.00%	15,874,933	0	0.00%
Florida	6.00%	67,717,478	21,518,100	31.78%
New Hampshire	0.00%	5,707,224	0	0.00%
Nevada	6.90%	9,398,457	3,077,433	32.74%
South Dakota	4.00%	3,426,159	732,438	21.38%
Tennessee	7.00%	25,178,170	6,832,948	27.14%
Texas	6.25%	98,974,974	21,668,972	21.89%
Washington	6.50%	32,272,827	11,344,622	35.15%
Wyoming	4.00%	5,624,350	981,198	17.45%

Secondly, Mr. Ellinger said he reviewed the estimated effective sales tax bases in all no-income tax states and compared them to the size of their economies to determine how broad or narrow the estimated tax base is compared to those states. Again, Mr. Ellinger said he uses data collected by the US Census Bureau^{1,2,3} on state and local governments combined with information from the individual states' departments of revenue.^{4,5,6,7,8,9} Under the measure the estimated sales tax base in FY2010 of \$111,294 million is equal to 45.61% of the Missouri's gross state product (\$244,016 million) as reported by the US Bureau of Economic Analysis.

The estimated tax base as a percentage of GSP of 45.61% in FY2010 falls within the range of other no-income tax states. These range from 33.72% in Nevada to 63.03% in Wyoming. The data is summarized below.

Projected FY2010 Sales Tax Base under the measure: \$ 111,294 million.

FY2010 Missouri Gross State Product: \$ 244,016 million.

Projected sales tax base as % of gross state product in FY2010: 45.61%

Sales Taxes as % of Gross State Products

	Sales Tax Rate	Gross State Product (\$ '000)	General Sales Tax Revenue (\$ '000)	Effective Sales Tax Base (\$ '000)	as % of GSP
Alaska	0.00%	49,186,000	N/A	N/A	N/A
Florida	6.00%	747,770,000	21,518,100	358,635,000	47.96%
New Hampshire	0.00%	58,780,000	N/A	N/A	N/A
Nevada	6.90%	132,270,000	3,077,433	44,600,478	33.72%
South Dakota	4.00%	38,293,000	732,438	18,310,950	47.82%
Tennessee	7.00%	247,796,000	6,832,948	97,613,543	39.39%
Texas	6.25%	1,202,104,000	21,668,972	346,703,552	28.84%
Washington	6.50%	334,477,000	11,344,622	174,532,646	52.18%
Wyoming	4.00%	38,917,000	981,198	24,529,950	63.03%

[1] <http://www.census.gov/govs/estimate/>

- [2] <http://www2.census.gov/govs/estimate/08slsstab1a.xls>
[3] <http://www2.census.gov/govs/estimate/08slsstab1b.xls>
[4] http://dor.myflorida.com/dor/taxes/sales_tax.html
[5] <http://tax.state.nv.us/pubs.htm>
[6] <http://www.state.sd.us/drr2/business/st/salestax.htm>
[7] <http://www.window.state.tx.us/taxinfo/sales/>
[8] http://dor.wa.gov/docs/forms/ExcsTx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf
[9] <http://revenue.state.wy.us/portalvbvs/desktopdefault.aspx?tabindex=3&tabid=10>
[10] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

Missouri's State Income Tax Relative to Total Budget

The simplest way of thinking about what is needed to eliminate Missouri's state income tax is to look at what amount of revenue the state income tax contributes to total state spending. The revenue from the state income tax that is relevant is revenue net of tax refunds. Secondly, since the measure intends to maintain the Senior Property Tax Credit (PTC), this tax expenditure must be considered. In FY2010, net personal income taxes collected were \$4,315 million while the PTC was \$119 million for a combined total of \$4,434 million. To put this in perspective, total state spending in FY2010 was \$22,661 million. Therefore, the total amount of revenue that would need to be replaced in FY2010 was 19.57% of the state budget.^{1,2,3,4,5}

Conceptually, additional new revenue in the measure comes from three sources (1) raising the sales tax rate from 4.225% to 7% (an increase of 2.775%) on the existing tax base; (2) establishing a 7% tax rate on an expanded sales tax base; (3) establishing a 5.5% tax rate on food sales (less SNAP purchases). In calendar year 2010, these new revenues would have amounted to \$1,656 million, \$3,058 million and \$437 million from sources 1, 2 and 3 respectively.

Mr. Ellinger said he has performed a similar analysis for the years 2005 through 2010 with the data summarized below. Please note that this analysis is presented as only one possible way to conceptualize the replacement of the state income tax. The analysis in the table below is applied retroactively and does not adjust for the overlap of calendar years and fiscal years. A more complete analysis along with forward looking projections is presented in the next section.

Increase in GR sales tax rate on existing base	2.775%				
GR sales tax rate on expanded sales tax base	7.000%				
GR sales tax rate on food	5.500%				
Years, nominal dollars	2006	2007	2008	2009	2010
Projected Sales Tax Base	105,657	109,956	112,750	108,868	111,294
Current GR Sales Tax Base	63,687	65,573	65,792	62,740	59,673
Estimated Food Sales less food stamp purchases	7,545	7,251	7,793	7,416	7,941
Expanded Sales Tax Base	34,425	37,132	39,165	38,712	43,680

Net Personal Income Tax	4,483	4,824	5,110	4,757	4,315
Senior Property Tax Credit	96	93	100	119	119
Total	4,579	4,917	5,210	4,876	4,434
Revenue from increase rate on existing base	1,767	1,820	1,826	1,741	1,656
Revenue from expanding sales tax base	2,410	2,599	2,742	2,710	3,058
Revenue from food sales tax (reduced rate)	415	399	429	408	437
Total	4,592	4,818	4,996	4,859	5,150
Total State Expenditures	\$19,197	\$20,048	\$20,608	\$22,197	\$22,661
Estimated surplus (shortfall) resulting from the measure	\$13	(\$99)	(\$214)	(\$17)	\$716
as % of state expenditures	0.068%	-0.495%	-1.039%	-0.078%	3.161%

[1] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

[2] http://oa.mo.gov/bp/budg2011/Budget_Summary.pdf

[3] http://oa.mo.gov/bp/budg2010/Budget_Summary.pdf

[4] http://oa.mo.gov/bp/budg2009/Budget_Summary.pdf

[5] http://oa.mo.gov/bp/budg2008/Budget_Summary.pdf

Projected Fiscal Impact

Mr. Ellinger said he first estimates future tax revenue if the measure is not adopted, labeling this the baseline case. In estimating the fiscal impact of the measure, Mr. Ellinger said he presents four scenarios. The expected scenario assumes no dynamic effects of the measure on economic growth. The three scenarios that follow estimate the fiscal impact of faster economic growth that is expected to result, should the measure be approved.

Mr. Ellinger said this analysis examines the potential impact of internet commerce eroding the future tax base. The inability of states to tax sales from out-of-state vendors due to the U.S. Constitution's Commerce Clause was established in 1967 by the Supreme Court case of *National Bellas Hess v. Illinois*¹ and later extended in 1992 by *Quill Corp. v. North Dakota*.² The rising importance of e-commerce, the loss of sales tax revenues and competitive disadvantages faced by brick-and-mortar retailers have led to legislative actions to address the issue of tax evasion due to unreported tax from internet sales. Legislation recently signed into law in California and Illinois is just one example of the attempts being made to collect taxes from online sales. While a federal solution overturning *Quill Corp. v. North Dakota* would be the simplest way to stop future tax base erosion due to internet sales, Mr. Ellinger said he believes a variety of state measures, agreements between states and increased enforcement will limit future sales tax losses due to the internet sales.

A widely cited study "State and Local Government Sales Tax Revenue Losses from Electronic Commerce" by the University of Tennessee³ estimates revenues lost by each state due to tax evasion on internet purchases. The study finds loss rates ranging from

0.87% to 5.55% of state revenues due to internet sales with a high degree of variation between states. The study also does not find a positive relationship between losses due to internet sales and states with no income tax. In fact, the average revenue loss estimated by the study for the no income tax states was 3.28% vs. 3.83% for all states in the study. While tax evasion related to internet sales is an important issue, it does not appear to be related to not having a state income tax. Despite losing revenue to internet sales, no-income tax states are outperforming Missouri economically and are able to provide adequate state services to their citizens. While the belief is that e-commerce will grow, a variety of measures ranging from the streamlined sales tax, to changes at the federal level can limit the losses in state tax revenues in the future.

The new property tax relief would apply only in the case of large reassessment events in a home value inflationary environment. It would only be available to those not covered by the existing property tax credit and homestead exemption. Since such an inflationary environment is not reasonably expected and since the number of qualifying individuals is limited, the potential revenue and cost impact is contained within the existing estimates.

In estimating the fiscal impact of the proposed constitutional amendment Mr. Ellinger said he uses 10-year averages for the growth of Missouri's gross state product (GSP), net tax collections as a percentage of GSP and the 10-year average tax base under the measure as percentage of GSP. The assumptions, calculated using data from 2001 to 2010 are summarized below. The expected scenario analysis does not incorporate any projected increase in the rate of economic growth should the measure be adopted. The averages used in the analysis do vary from year to year and are slightly correlated with the economic cycle. They do not however appear to be persistently trending in one direction, increasing the confidence that they are reasonable assumptions to use when estimating the future fiscal impact.

Long term Missouri GSP growth rate (nominal)	3.03%
Net Personal income tax as % of GSP	1.94%
Sales Taxes (GR, Education, Conservation, P/S) as % of GSP	1.23%
Estimated tax base under the measure as % of GSP	46.63%

An alternative, commonly used method of forecasting involves using regression analysis to estimate the relationship between changes in state tax collections and state personal income. Economists forecast the growth in state personal income and then estimate revenues based on the regression models. However, in the analysis of the data for the past 10 years, Mr. Ellinger said he did not find a relationship between changes in Missouri's tax collections and personal income growth that was significant at the 0.05 level. An

analysis of a longer term time series may result in estimating a satisfactory model linking personal income changes to tax revenue changes, however using a longer time series would require adjusting tax revenues to changes in state laws to isolate revenue growth resulting from policy changes versus that which resulted from personal income changes. This more complex analysis is not included in this document.

Using long term averages neglects the impact of the business cycle on changes in tax collections leading to overestimating tax revenues from sources with a below average sensitivity to GSP changes while underestimating those that have above average sensitivity. However, given the state's ability, expressly stated in the Constitution, to smooth out revenue changes over time using the state's Rainy Day Fund as well as the difficulties of accurately forecasting future changes in the business cycle, Mr. Ellinger said he believes that forecasting of the fiscal impact of the measure using 10-year averages is the most prudent approach.

Baseline scenario

All numbers in thousands of nominal dollars		<u>Forecast</u>			
Calendar Years	2010	2011	2012	2013	2014
MO GSP	\$244,016,000	\$251,409,685	\$259,027,398	\$266,875,928	\$274,962,269
Net Personal income tax	\$4,733,910	\$4,877,348	\$5,025,132	\$5,177,393	\$5,334,268
Sales taxes	\$3,001,397	\$3,092,339	\$3,186,037	\$3,282,574	\$3,382,036
Senior property tax credit	\$119	\$119	\$119	\$119	\$119
Total	\$7,735,426	\$7,969,806	\$8,211,288	\$8,460,086	\$8,716,423

Expected scenario

Under the measure, if approved, on Jan 1st. 2014, income tax rates would be reduced by 50%, while the sales tax would be broadened and increased to 5%. On Jan 1st. 2016, income tax rate would be reduced to 0%, while the sales tax rate would be increased to 7%. The measure requires the Department of Revenue to recalculate local sales tax rates given the new tax base to generate the same amount of revenue for the local governments. Therefore, Mr. Ellinger said he assumes no impact on local governments in all of the scenarios.

All numbers in	2013	2014
thousands of nominal dollars		
Estimated sales tax base	\$124,444,245	\$128,214,906
Sales tax rate		5%
Net Personal income tax under the measure		\$2,667,134
Sales tax revenue under the measure		\$6,410,745
Total		\$9,077,879
Baseline scenario		\$8,716,423
Difference		\$361,456

FY2014 covers only Q1 + Q2 of CY2014

FY2013	FY2014
\$ ZERO IMPACT -	\$180,728.19

Under the expected scenario, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$180,728,190 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$360,456,380 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

[1] <http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=US&vol=386&invol=753>

[2] <http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=US&vol=504&invol=298>

[3] <http://cber.bus.utk.edu/ecommm/ecom0409.pdf>

Additional scenarios

Mr. Ellinger said he constructed three additional scenarios to analyze some likely dynamic effects of the measure. The three scenarios evaluate the impact of increased rates of economic growth on the fiscal position of the state.

In constructing the three additional scenarios evaluating increased rates of economic growth expected to result if the measure is adopted, Mr. Ellinger uses the relative growth rates of Missouri's economy as compared to the economies of no-income tax states. The first of the three scenarios uses a modest 0.25% increase in growth rate; the second evaluates what would happen if Missouri's growth rate increased to that of Tennessee (an increase of 0.643%), while the final scenario looks at what would happen if Missouri's growth rate converged to the average no-income-tax state (an increase of 2.085%). While the income tax under the proposal would be phased out, Mr. Ellinger said he believes the once the measure is approved by voters, economic growth rates should increase immediately because of the forward looking nature of investment and capital budgeting by businesses.

Scenario 2

Under this scenario the growth rate of Missouri's economy is increased by 0.25% per year.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	0.25%	0.25%
0.25% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 267,523,497	\$ 276,298,268
Estimated sales tax base	\$ 124,746,207	\$ 128,837,882
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,680,093
Sales tax revenue under the proposal		\$6,441,894
Total		\$9,121,987
Baseline scenario		\$8,679,259
Difference		\$442,728

FY2014 covers only Q1 + Q2 of CY2014

FY2013
\$ ZERO IMPACT-

FY2014
\$221,364.15

Under scenario 2, Mr. Ellinger said he estimate no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$221,364,150 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$442,728,300 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario 3

Under this scenario the growth rate of Missouri's economy is increased by 0.643% per year, matching the experience of Tennessee during the past ten years.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	0.643%	0.643%
0.643% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 268,542,033	\$ 278,406,161
Estimated sales tax base	\$ 125,221,150	\$ 129,820,793
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,700,540
Sales tax revenue under the proposal		\$6,491,040
Total		\$9,191,579
Baseline scenario		\$8,679,259
Difference		\$512,320

FY2014 covers only Q1 + Q2 of CY2014

	FY2013	FY2014
\$	ZERO IMPACT -	\$256,160.20

Under scenario 3, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$256,160,200 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of

\$512,320,400 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario 4

Under this scenario the growth rate of Missouri's economy is increased by 2.085% per year, matching the experience of the average no-income tax state during the past ten years.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	2.085%	2.085%
2.085% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 272,275,624	\$ 286,201,445
Estimated sales tax base	\$ 126,962,124	\$ 133,455,734
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,776,154
Sales tax revenue under the proposal		\$6,672,787
Total		\$9,448,941
Baseline scenario		\$8,679,259
Difference		\$769,682

FY2014 covers only Q1 + Q2 of CY2014

FY2013	FY2014
\$ ZERO IMPACT -	\$384,840.85

Under scenario 4, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$384,840,850 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$769,681,700 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario summary

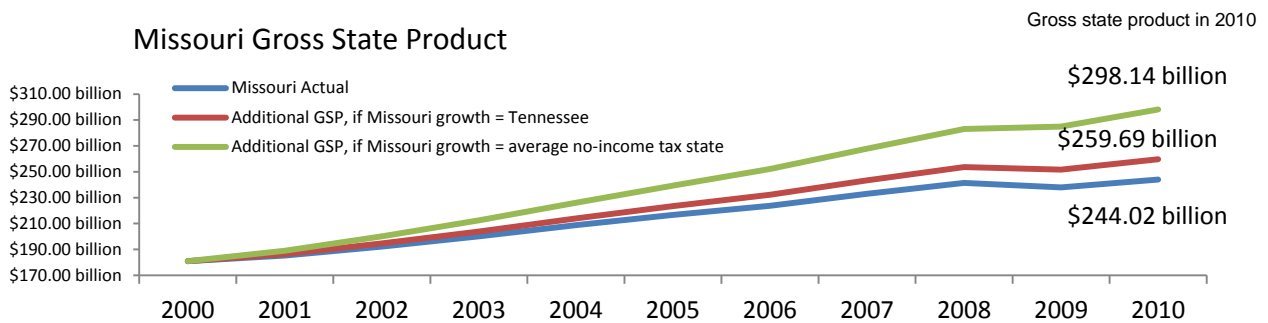
	FY2014 impact, thousands	FY2014 impact, thousands vs. expected scenario
Expected scenario	\$180,728.19	\$ N/A
Increased growth rate by 0.25%	\$221,364.15	\$40,635.96
Increased growth rate, match TN	\$256,160.20	\$75,432.01
Increased growth rate, match no-income tax state average	\$384,840.85	\$204,112.66

Appendix – Economic Performance of No-Income Tax States

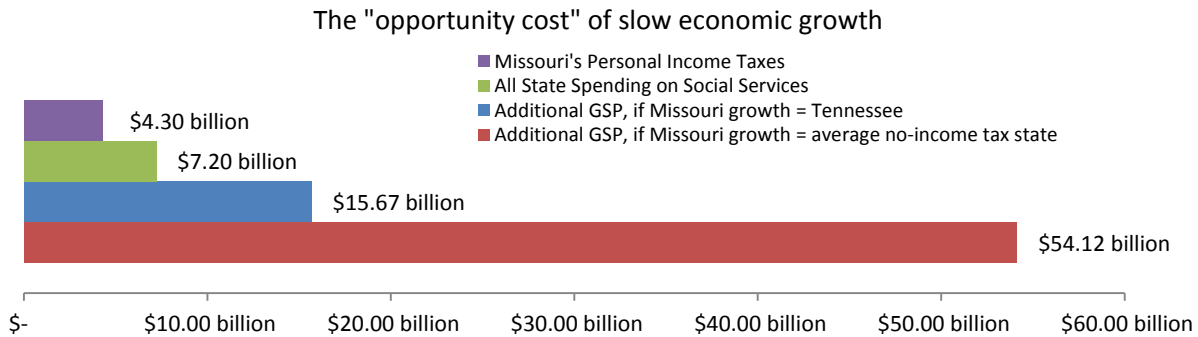
During the time period 2000-2010, Missouri's economic growth ranked 48th amongst all state according to the U.S. Bureau of Economic Analysis,¹ with only Michigan and Ohio performing worse. Missouri's slow economic growth is not a temporary phenomenon. In every decade since the data has been collected by the BEA, Missouri has grown significantly slower than neighboring Tennessee.

Nominal GDP Growth Rank	1970s	1980s	1990s	2000s	1963-2010
Missouri	43	42	29	48	43
Tennessee	25	32	14	36	20

Poor economic performance compounds over time, making what at first appears small add up to billions of dollars of lost potential income and government revenue. If Missouri's growth rate matched Tennessee's over the past decade, Missouri's economy would have been significantly bigger today. Given some of Missouri's advantages over Tennessee such as a more highly educated workforce, Mr. Ellinger said he believes Missouri's growth rate could be even higher and potentially match that of the average no-income tax state. The chart below depicts what would have happened to Missouri's Gross State Product under the aforementioned growth rates.



If Missouri's economic growth matched that of Tennessee, our economy and state budget would have been \$15.67 billion and \$1.46 billion larger, respectively. If Missouri's economic growth matched that of the average no-income tax state, our economy and state budget would have been \$54.12 billion and \$5.03 billion larger, respectively. For comparison, in FY2010, all state spending on social services totaled \$7.2 billion, while all personal income tax collected totaled only \$4.3 billion². In the calculations Mr. Ellinger said he assumes no change in the size of government relative to the size of the economy (currently 9.3%).

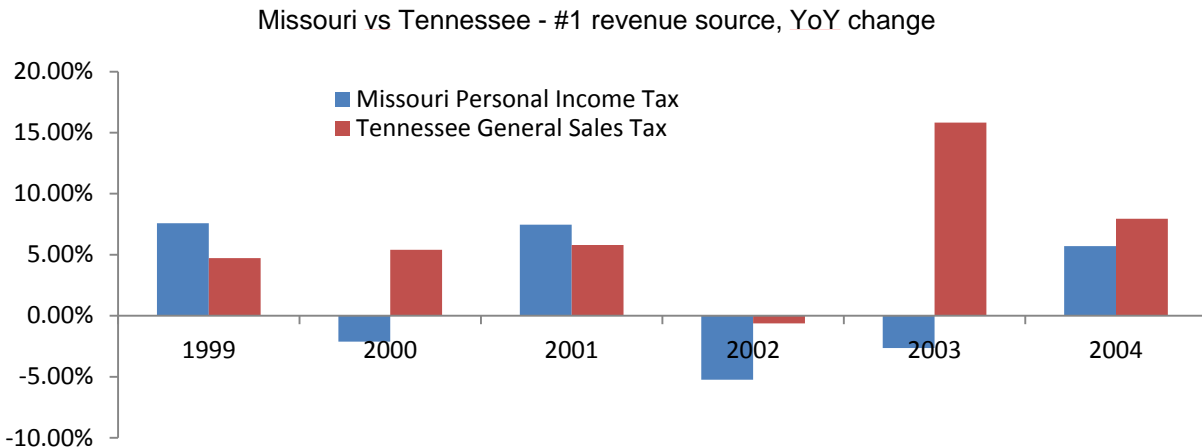
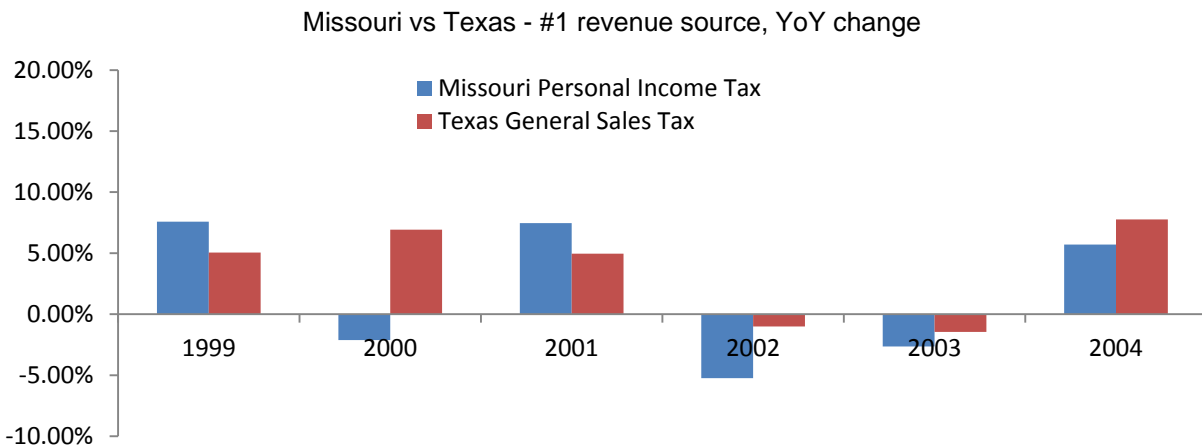


[1] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1>

[2] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

Appendix – Revenue Volatility

The modeling projects that if approved, Missouri's revenue volatility (defined as standard deviation) would decline by two-thirds as compared to the actual collections over the 2001 to 2010 time period. The experience of other states such as Texas and Tennessee which rely primarily on state sales taxes corroborates the modeling. The following charts depict year-over-year changes in revenue by source, comparing Missouri's personal income tax to the general sales tax in Texas and Tennessee respectively. The data has been collected from the U.S. Census Bureau.^{1,2,3} In both cases, during the 2001-2002 recessions, the declines in revenue collections have been significantly smaller for sales taxes than for Missouri's income tax. The latest data available is for FY2008.



[1] <http://www.census.gov/govs/estimate/>

[2] <http://www2.census.gov/govs/estimate/08slsstab1a.xls>

[3] <http://www2.census.gov/govs/estimate/08slsstab1b.xls>

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Public Safety**, the **Department of Social Services**, the **Missouri Senate**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of St. Joseph**, the **City of Springfield**, the **City of Union**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and the **St. Louis Community College**.

Fiscal Note Summary

Annual state government revenue under this proposal may increase by up to \$300 million, or decrease by up to \$1.5 billion. The proposal is estimated to increase state operating costs by at least \$15 million, and may accelerate tax credit redemptions. The fiscal impact to local governments is unknown.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-59)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received August 15, 2011)

Date

September 2, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

The Civic Council of Greater Kansas City provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that costs are unknown.

Officials from the **Department of Agriculture** indicated there is unknown impact on their department. The department defers to the Department of Revenue and/or the Office of Administration regarding the fiscal impact of this initiative petition.

Officials from the **Department of Economic Development** (DED) indicated this proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual effective January 1, 2014, and eliminates the power of the General Assembly to enact such taxes on or after January 1, 2016. Between January 1, 2014 and January 1, 2016, the repealed taxes are to be replaced with a sales tax of up to five percent on the purchase of goods and services other than food and up to four percent on the purchase of food. On or after January 1, 2016, the rates may not exceed seven percent and five and one-half percent, respectively. The proposal exempts from the new sales tax numerous enumerated goods and services.

As pertains to the Department of Economic Development, this proposal would impact existing tax credit and economic development programs utilizing the taxes repealed under this proposal.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. DED administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed. The Department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial

institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by restricting the taxes against which such tax credits can be redeemed. DED assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. DED also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's effective date because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is a potential for litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to

reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri

Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund projects previously approved under these programs are state income-tax based, this proposal would jeopardize the financing for such projects by repealing the taxes generating the revenues necessary to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by the state income taxes that would be repealed under this proposal, which could result in the relevant local entity defaulting on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds could negatively impact not only the specific local entity but also the overall municipal bond market.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local development projects. The department will defer to the Department of Revenue for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated they assume that small businesses will be required to collect this tax, and goods and services sold by small businesses will be more heavily taxed. The impact on small businesses is unknown.

The Home Delivered Meals Trust Fund, which funds some home delivered meals for eligible Missouri seniors, receives revenues from a check-box on Missouri income tax forms. As a result of the elimination of income tax in Missouri, and the forms to file those tax returns, there will not be an opportunity for Missourians to donate to the Home Delivered Meals Trust via the check-box donation. The check-box is not the only source of revenue for this fund, but there may be a reduction in the amount of revenue collected.

There may be a reduction in the amount of revenue deposited to the Home Delivered Meals Trust Fund, and consequently, a reduction in the amount expended for home delivered meals. This is not the only source of funding for home delivered meals, therefore the impact will not be significant.

Elimination of the tax credit to make a principle dwelling accessible for an individual with a disability and the Shared Care tax credit could result in an increased number of

individuals utilizing Medicaid-funded long-term care services, by either entering a nursing facility or utilizing Home and Community-Based Services.

Section 1(b)(1) of the proposed initiative petition repeals “Any law enacted by the General Assembly that imposes a tax for state purposes that is on or measured by income or earnings...”. The Home Delivered Meals Trust Fund, which funds some home delivered meals for eligible Missouri seniors, receives revenues from a check-box on Missouri income tax forms. As a result of the elimination of income tax in Missouri, and the forms to file those tax returns, there will not be an opportunity for Missourians to donate to the Home Delivered Meals Trust via the check-box donation. A total of \$69,026 was collected in FY 2009, \$59,504 in FY 2010, and \$56,336 in FY 2011. Using a three-year average of collections, DHSS assumes an unknown reduction in revenue, up to \$61,622 $([69,026 + 59,504 + 56,336]/3)$ in the Home Delivered Meals Trust Fund. Since there is also revenue from civil monetary penalties deposited in this fund, the department does not anticipate any significant decrease in the number of home delivered meals distributed to eligible Missouri seniors. Since the changes to the tax structure will not go into effect until calendar year 2014, DHSS assumes this funding would not be impacted until FY 2015.

The proposed initiative petition does not address tax credits, with the exception of Property Tax Relief and Homestead. Therefore DHSS is not able to determine how this would affect the Shared Care tax credit established within the department.

Repealing the Missouri income tax and replacing with a sale and use tax may affect the amount of revenue collected and deposited in the General Revenue Fund. The department defers to the Office of Administration regarding the overall impact this would have to the state.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated the proposal will have no anticipated cost or savings to the department.

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** provided the following comments.

Section 1(a), (b) and (c) of the proposed Initiative Petition 11-59 would appear to limit the taxing power on income or earnings exercised by the Missouri General Assembly for state purposes, and by counties and other political subdivisions.

For tax years beginning on or after January 1, 2014, Section 1(d) of Initiative Petition 11-58 appears to repeal all sales and use taxes and exemptions, except taxes on alcohol, aviation fuel, insurance products, tobacco, and any taxes imposed by Article IV, Sections 43(a) and 47(a), or any taxes provided for by Article IV, Section 30(a), and exemptions thereto.

The Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Section 47(a) of the Missouri Constitution.

It appears Section 1(d) of Initiative Petition 11-59 would allow for the conservation sales tax, the soil and parks sales tax and the motor vehicle fuel tax to remain unchanged. If that is the intent, then for purposes of this fiscal note, the department would not anticipate a direct fiscal impact from this provision.

If that is not the intent of this proposal and the department's parks and soils sales tax is eliminated as a result of this proposal, then there would be a significant fiscal impact to the department. Funding would have to be sought to replace the monies currently collected from the department's sales and use tax pursuant to Section 47(a) of the Missouri Constitution. The department assumes the Department of Revenue would be better able to estimate the potential fiscal impact.

This proposal would also appear to change sales tax exemptions. Currently, the State of Missouri is a tax-exempt entity. It is unclear how this would affect the department. If the department is required as a result of this proposal to pay the newly created sales tax on all goods and services, then there could be a significant unknown fiscal impact to the department. Each state agency's operating budget could increase substantially. The department assumes the Office of Administration would be better able to estimate the amount of fiscal impact from this provision for each department.

Effective January 1, 2014, Section 1(h) would set the tax levied under Sections 43(a) and 47(a) at the new rate established Section 1(c). It appears that the intent of is to allow for the conservation sales tax and the soil and parks sales tax to be recalculated to produce substantially the same amount of revenue for the 2015 as the amount received on average annually in fiscal years 2008-2012. However, on and after January 1, 2016 the sum of the conservation sales tax, the soil and parks sales tax and the new sales tax rate established in Section 1(c) could not exceed 7%. If that is the intent, then for purposes of this fiscal note, the department would not anticipate a direct fiscal impact from this provision.

If that is not the intent of this proposal and the department's parks and soils sales tax is eliminated as a result of this proposal, then there would be a significant fiscal impact to the department. Funding would have to be sought to replace the monies currently collected from the department's sales and use tax pursuant to Section 47(a) of the Missouri Constitution. The department assumes the Department of Revenue would be better able to estimate the potential fiscal impact. It should also be noted that the average revenue received for the conservation sales tax and the soil and parks sales tax received in fiscal years 2008-2012 might not reflect an adequate picture of those revenue streams due to economic downturn during that period.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Labor and Industrial Relations** said this proposal will affect all agencies and political subdivisions that receive revenue from taxes that are on or measured by income or earnings of individuals and taxes on sales and services. This proposal may also affect the Division of Workforce Development if Missouri's Unemployment Compensation (UC) program is out of compliance or out of conformity as a result of this proposal. The officials said the long-range implications (revenues/costs beyond fiscal note period by fiscal year) is unknown.

The proposed initiative petition contains language that may affect Missouri's employment security law. Below are three examples:

First, proposed Article X Section 1(a) states:

"The taxing power may be exercised by the general assembly for state purposes, and by counties and other political subdivisions under power granted to them by the general assembly for county, municipal and other corporate purposes, except the general assembly shall not have the power to enact any law:

(1) imposing a tax on or measured by the income or earnings of an individual for tax years beginning on or after January 1, 2016; or...."

Second, proposed Article X Section 1(b) states:

"For tax years beginning on or after January 1, 2014, the following laws are repealed:

(1) Any law enacted by the general assembly that imposes a tax for state purposes that is on or measured by the income or earnings of an individual, except as provided in Section 1(c) of Article X; and...."

Third, proposed Article X Section 1(f)(9) exempts "services rendered by an employee for his employer" from taxation.

The federal government and state governments are jointly responsible for administering the UC system. State laws must meet certain federal requirements for the state agency to receive the administrative grants needed to operate its UC program, for employers to qualify for certain tax credits, and to receive funding for certain reemployment services.

Missouri's unemployment compensation (UC) trust fund is financed by employers, and liability is based on the first \$13,000 of each covered employee's wages. Employees are deemed covered under the unemployment insurance (UI) system if they make at least \$2,250 during the base period and the total base period wages are at least 1.5 times the highest quarter wages. Alternatively, they are deemed covered if they make at least \$19,500 during two of the four quarters in the base period. The base period is defined as the first four of the last five completed calendar quarters. If eligible, they may be qualified to receive unemployment benefits if they lost the job through no fault of their own or they quit for a valid reason related to the work or the employer.

Two of the proposals specific limit the state's ability to collect taxes based upon a measure of an employee's earnings or income. The third proposal exempts taxes on the services of the individual for an employer. While this third proposal is not as direct a prohibition the result seems to be the same. Accordingly, under all three proposals the most logical conclusion is that the state would not be able to collect UC taxes, thereby eliminating the funding source of Missouri's UC trust fund.

If the UC tax is repealed on or about January 1, 2014, it is unknown how or if Missouri will obtain the monies necessary to continue to pay UC. If Missouri is unable to pay UC, the UC program will effectively expire. With a very small exception, the United States Department of Labor (USDOL) has no authority to pay these benefits should Missouri's program terminate. By failing to continue to pay unemployment benefits the state may be declining to participate in the Federal-State Unemployment Compensation program under which tax credits, Section 3302, FUTA, are provided against the federal payroll tax on employers. The FUTA requirements in Sections 3303(a) and 3304(a) are part of an unemployment compensation system that includes a state paying all necessary unemployment benefits. However, Missouri employers in the state will still be required to pay the Federal Unemployment Tax Act (FUTA) tax imposed by Section 3301, FUTA. However, if they pay no contributions, and thus are not eligible to receive credit against the tax, they will be required to pay the full tax (currently 6.0% on the first \$7000 paid to each employee).

Additionally, the failure to pay unemployment benefits may violate Section 303(a)(1), Social Security Act (SSA), which conditions a Title III administrative grant upon a state law providing for "[s]uch methods of administration . . . as are found by the Secretary of Labor to be reasonably calculated to insure full payment of unemployment compensation when due." Failing to pay UC because the state's unemployment fund is insolvent may not be such a method of administration calculated to insure full payment when due.

If it determined that the state unemployment fund cannot pay unemployment benefits because of the repeal of the state unemployment tax, this could likely result in a finding of Missouri being out of conformity or out of compliance with the FUTA and/or SSA requirements that could result in the following: (1) all employers subject to the federal payroll tax imposed by Section 3301, FUTA, would lose all tax credits otherwise allowable by Section 3302, FUTA; (2) the state would lose the Title III, SSA, administrative grant; (3) the state, pursuant to Section 5(b)(1) of the Wagner-Peyser Act, would lose the state's employment service grant, which is conditioned upon the state being in conformity and compliance with FUTA and SSA; (4) reimbursement under federal law of the federal share of extended benefits may be affected; and (5) the agreements administering the federal programs of Unemployment Compensation for Ex-Servicemembers (UCX), Unemployment Compensation for Federal Employees (UCFE), Trade Adjustment Assistance and Disaster Unemployment Assistance may be terminated.

If Missouri employers lose FUTA credits, they would lose approximately \$868 million annually in FUTA credits. The Federal Unemployment Tax Act (FUTA) imposes a 6.0% payroll tax on employers. Most employers do not actually pay the total 6.0% due to

credits they receive for the payment of state unemployment taxes and for paying reduced rates under an approved experience rating plan. FUTA allows employers tax credits up to a maximum of 5.4% against the FUTA payroll tax if the state UI law is approved by the Secretary of Labor. However, if the proposed amendment causes Missouri's program to be out of compliance or out of conformity, Missouri employers would pay the full 6.0%.

If the state loses its administrative grant, Missouri would lose approximately \$51 million in federal funds it receives each year to administer the UI program. Additionally, Missouri would lose the approximately \$18 million in federal funds each year the Department of Economic Development - Division of Workforce Development uses for Wagner-Peyser reemployment services.

The USDOL was asked to informally reviewed this initiative petition and its staff determined that it is unclear whether this initiative petition would affect the ability of the Division of Employment Security (DES) to collect UC taxes from employers. The USDOL stated that it is up to each state to interpret its laws. However, we are not aware of any plausible interpretation that exempts UC taxes from the measure of income or earnings of an employee.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$131,651 for fiscal year 2013 and \$15,490,643 for fiscal year 2014.

The costs include increased:

Salaries-\$8,799,330

Fringe Benefits-\$3,597,741

Equipment and Expense-\$3,093,572

This Initiative Petition will have an Information Technology impact of \$35,616. The value of the level of effort is calculated on 1,344 FTE hours.

This Initiative Petition will have the following staffing impact:

Sales Tax:

- This legislation will have a significantly larger impact on the department if the department is required to collect the tax from the person consuming, using or storing the tangible personal property or taxable service.

Personal Tax:

- For FY 13- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.

- For FY 16- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 17– Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax. For the last six months of FY 17 Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.
- For FY 18- PT will retain 81% of the existing staff (108 out of 134) for processing returns, amended returns, and outstanding collections.
- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA)

- Including services as a taxable product will greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
- FY13 - No impact
- FY14 - Based on the assumption that the number of businesses will double, CATA will need an additional 150 temporary employees. Training will begin in October of 2013.
- FY17 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income and withholding staff requirements.

Withholding Tax:

- For FY 13– Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14- Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15- Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 16- Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) to continue the processing and collection duties of withholding tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in the business tax area on a one-to-one basis.
- For FY 17- Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) to continue the processing and collection duties of withholding tax.

Sales Tax:

- The department must recalculate local sales tax rates and publish those rates by September 1, 2013. It will need to hire an economist in fiscal year 2013 to begin working on the adjusted rates.
 - One (1) Economist (Range 30, Step Q) to perform rate calculations per Section 1(i)

- The following impact is based upon the assumption that the workload for sales/use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., business tax will need an additional 92 temporary employees for sales/use tax.
- The department assumes that the new sales tax would go into effect January 1, 2014, and current staff responsible for withholding tax and personal tax will not be available for reallocation until fiscal years 2016 and 2017. Even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.
 - FY 12 – No impact
 - FY 13 - No impact
 - FY14 – Business tax will need 92 temporary employees. Training will begin in October of 2013. These would be temporary employees who receive no benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Field Compliance

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. In order to conduct approximately 4,700 sales and use tax audits, it will be necessary to double our audit enforcement staff. This will require additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions will increase Field Compliance to 320 positions and a payroll of approximately \$14 million.
- Each in state and out of state facility will need to be moved to accommodate the increase in personnel. The estimated cost for this will double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal Services

- For FY 12 No impact
- For FY 13 No impact
- For FY14 - Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

DOR officials provided the following comments and concerns on this Initiative Petition:

Eliminating the income tax would not "eliminate" the filing of returns. Individual income tax filers will file their 2015 calendar year returns after January 1, 2016. Individuals would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2016.

The department is not clear whether the state would have the authority to require sellers to collect the new sales tax. The legislation does not have similar language to the current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does. Changing the collecting and remitting responsibility from sellers to purchasers would dramatically reduce the percentage of tax that the department is able to collect.

The proposal repeals individual income tax as of January 1, 2016. Because there would be no individual income tax filing requirements for tax years beginning January 1, 2016, this would prevent individuals from redeeming credits that have been carried forward to tax years 2016 and beyond.

Without further action by the general assembly, most local taxing jurisdiction's sales taxes could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.

When the individual income tax is eliminated, the department will not have access to individual income tax information from the IRS to identify individuals that did not file or that underreported income in years before 2016, and will not be able to use IRS information to validate property tax credit claims or as a collection tool.

When the individual income tax is eliminated, the department will not be able to participate in the treasury offset program, and may lose millions of dollars each year in offsets.

Section 1(a) Income-based taxes are phased out and tax is to be collected at a rate of 7% to offset the revenue loss.

Section 1(b) The tax measured on the income or earnings of individual is repealed as of January 1, 2014, except as provided in Section 1(c), which establishes a tax on income of not more than three percent. It is not clear if the tax rate is the only component of the current tax on individuals that is repealed, or if all other modifications, deductions, an exemptions provided to individuals under Chapter 143 are also repealed.

Section 1(c) The general assembly shall enact new property tax relief no later than January 1, 2016, beginning in January 1, 2012. It is not clear if this is intended to be a retroactive relief in addition to the existing property tax credit. This provision should be clarified.

Section 1(d) The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state's rights with respect to such taxes.

Section 1(e) Various rates are established in this subsection, but the tax base is left undefined. There is no provision that defines the retail sale price or purchase price, and that the tax would be imposed on that amount. There is no empirical basis to suggest the increase in the sales tax rate to 7% will offset the loss in individual income tax revenue.

Section 1(f)

(6) The term "pharmaceuticals" is vague and will generate litigation. This appears to tax any reimbursement of pharmaceuticals and medical services or those pharmaceuticals or medical services that could be recouped by insurance companies, but may not be. This will cause added confusion for pharmacies and other medical services providers about when tax should or should not be imposed. Many pharmacies have indicated they are not able to collect sales tax from insurance companies.

(8) The term "tuition and fees . . . for educational services" is vague and will generate litigation. The term appears not to exempt from tax some fees paid to universities, such as recreational center fees.

(10) The department recommends defining the term "consolidated earnings."

(11) The terms "agricultural trade" and "agricultural business purposes" are vague and will generate litigation. This exemption is broader than just exempting farmers from sales and use tax, as it includes all related industries, including potentially industries such as meatpacking and agricultural shipping.

(12) "Sales of materials...not for resale or leasing" is vague and will generate litigation. The Department of Revenue is currently involved in litigation regarding a similarly worded current tax exemption. The exemption has been broadly construed by the Supreme Court.

(13) This exemption is very broad and will generate litigation.

(14) "Other similar intangible personal property" is vague and will generate litigation. The term may include complicated investment tools such as credit default swaps, mortgage-backed securities, foreign currency swaps, forward rate agreements, and other financial instruments generally not purchased by those most affected by the tax proposed in the amendment.

(15) "Held exclusively for investment purposes" is vague and will generate litigation.

(19) This exempts the purchase of any tangible personal property by a common carrier in interstate air transport even if the TPP is not used in interstate air transport.

Section 1(j) This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission (ACH). In actions in circuit courts to

enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petition does not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim a credit, but would not be responsible for actually proving it was entitled to it.

Section 6(a)(1) This creates a program similar to the Homestead Preservation Program which has expired. The Department of Revenue administered that program, but it is not clear if the Department of Revenue would be involved in the program created in this Section.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. The Department of Conservation's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1(d) of both proposals would appear to leave intact such sales tax. However, the provisions contained in Section 1(h) of both proposals would require the tax levied under Section 43(a) (as well as Section 47(a)) of Article IV to be recalculated and adjusted to provide an amount of revenue for each fiscal year substantially equal to the amount received on average annually in fiscal years 2008-2012. Consequently, it appears that both proposals would have an impact on department funds, but the extent and nature of the impact is unknown at this time.

Officials from the **Department of Transportation** indicated:

Constitutional amendment replaces all income tax with a 7% sales and use tax on new, tangible personal property and services with proceeds deposited into the General Revenue Fund; except for the proceeds from the 7% sales and use tax on new motor vehicles (MVs) which shall be deposited into MoDOT funds pursuant to article IV, §30(b) Missouri Constitution. Effective date is 1/1/2014 with a sales tax rate of 5% phased-in to 7% on 1/1/2016.

Based on FY2011 MV sales and use tax revenue with annual growth rates ranging from 2% to 3%. Also, new car sales will decrease due to removing the tax requirement on used cars. Assumes a trade-in allowance reduces the tax burden.

Loss of current sales and use tax revenue from the sale of both new and used MVs. Replaced with a new 7% MV sales and use tax imposed only on the sale of new MVs.

Fiscal Year
(In Millions)

Negative impact from repeal of the current sales and use tax revenue imposed on the sale of new and used MVs:

<u>Entities/Funds</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
MoDOT - State Road Fund	(83)	(171)	(174)	(174)
MoDOT - State Road Bond Fund	(52)	(106)	(109)	(109)
MoDOT - State Transportation Fund	(1)	(3)	(3)	(3)
Cities	(11)	(23)	(24)	(24)
Counties	(7)	(15)	(16)	(16)
DOR - Cost of Collection	(5)	(10)	(10)	(10)
Total	(\$160)	(\$328)	(\$335)	(\$335)

Positive impact from new 7% sales and use tax imposed on the sale of new MVs:

MoDOT - State Road Fund	41	84	104	124
MoDOT - State Road Bond Fund	26	53	65	77
MoDOT - State Transportation Fund	1	1	2	2
Cities	7	13	33	31
Counties	4	9	22	21
DOR - Cost of Collection	2	5	7	8
Total	\$81	\$166	\$232	\$263

Total impact from IP:

MoDOT - State Road Fund	(42)	(87)	(70)	(50)
MoDOT - State Road Bond Fund	(26)	(53)	(44)	(32)
MoDOT - State Transportation Fund	-	(2)	(1)	(1)
Cities	(4)	(10)	9	7
Counties	(3)	(6)	6	5
DOR - Cost of Collection	(3)	(5)	(3)	(2)
Total	(\$78)	(\$163)	(\$103)	(\$73)

Officials from the **Office of Administration (OA)** indicated:

The proposed amendment to the Missouri Constitution should not result in additional costs or savings to the Office of Administration should it be approved by the voters.

The proposals are identical, except that proposal 11-58 provides the General Assembly options for additional relief for seniors, as described later in this analysis.

The proposals:

1. Prohibit the General Assembly from levying an individual income tax beginning in 2016.
2. Cap the rate of individual income tax at 3% for the years 2014 and 2015.
3. Replace the existing sales tax for the General Revenue and School District Trust Funds with a new sales tax. The tax shall be on all tangible property and services, with the exemptions described below. The tax shall be no more than 5% (with food at 4%) in 2014. In 2016, the cumulative rate of this sales tax and the existing sales taxes for Conservation and DNR shall be no more than 7% (food at 5.5%), as described in Sections 1(e)1 and 1(h).
4. Provide that the combination of these rates and any local rate not directly approved by voters shall not exceed 10% (Section 1(i)4). It is unclear which local governments may be forced to absorb any shortfalls should the cumulative rate exceed 10% before it is adjusted.
5. Direct the General Assembly to provide a mechanism to replace the existing Property Tax Credit (Section 1(c)3).

Revenues from the state sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Section 1(e)2)
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit 1(c)3).
3. Conservation, Parks & Soils, and Motor Fuel Funds (Section 1(e)2).

This sales tax shall apply to all sales of goods or services, except the following exemptions:

- Sales and services exempted from the repeal in Section 1(d), including alcohol, fuel, insurance products, and tobacco;
- Previously taxed goods or services;
- Professional services, including accountants, architects, barbers, cosmetologists, embalmers, engineers, funeral directors, lawyers, or real estate agents.
- Sales, leases, or rents of real property;
- Domestic utilities;
- Unreimbursed individual medical costs;
- Child care services;
- Tuition and fees for elementary, secondary, vocational, or higher education;
- Services rendered by an employee for his employer; or to consolidate earnings;
- Property or services used in agricultural business;

- Manufacturing inputs;
- Construction, warehousing; computer, call center, and employment services;
- Stocks, bonds, or other intangible personal property;
- Certain properties held for investment;
- Insurance products and services;
- Railroad rolling stock, barges, and property purchased or stored by common carriers;
- Gambling sales or wagers;
- Sales to municipal governments, businesses, or charitable organizations, if the sales are for the furtherance of those organizations' purpose;
- Purchases made with food stamps;
- Purchases made through the federal women, infants, and children (WIC) program;
- Sales exempted by certain federal laws, or the U.S. or Missouri Constitutions;
- Any exemptions as approved by a two-thirds majority of the General Assembly and the Governor.

Estimating New Sales Tax Collections

The proposal calls for a cumulative 7% sales tax rate on a newly defined sales tax base.¹ However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access.

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US BEA's NIPA tables as reported by the BEA in August 2011,² excluding items that are non-taxable under federal law or under the proposal (such as higher education spending). BAP estimates that around 67.8% of individual health purchases are either not recouped or reimbursed by non-taxable public sources, based on US Dept. of Health and Human Services data from 2009.³ BAP estimates that an additional 2.3% of sales will be untaxed internet purchases, which is one-half the amount of internet purchases identified in recent data from the US Census Bureau.⁴ Finally, BAP estimates the loss due to explicit avoidance activities, such as traveling across state lines, as equal to the estimated loss due to internet sales. MO

¹ Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate under certain conditions. Estimates from other groups, such as the Institute for Taxation and Economic Policy also suggest something greater than 11% is necessary. See for example: <http://www.showmeinstitute.org/publications/essay/taxes/479-income-taxes-vs-sales-taxes.html> ; or <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

² <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1>

³ http://www.cms.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp#TopOfPage

⁴ http://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf BAP uses the estimate of one-half in recognition that many internet sellers with nexus in Missouri currently remit sales taxes.

expenditures are assumed to be 1.77% of national expenditures, based on MO's portion of personal income in 2010 as reported by the BEA in August 2011.⁵

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal changes prices, via a new sales tax, for many products and services including but not limited to food for home consumption.
- According to US Census Bureau data, roughly two-thirds of MO's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption. There is evidence of this growth in the US Census data cited above.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families.
- This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$3.84 billion in state and local income taxes were deducted in tax year 2009.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

BAP estimates the consumption base in Table 1. At the rates codified in the proposal, this would generate just over \$5.99B in revenues.

⁵ <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=3>

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535,00.html>

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,245.5
Food for Home Consumption (added back at lower rate below)	2.4.5; 27	(659.4)
Net Used Motor Vehicles	2.4.5; 06	(112.4)
Motor Fuel	2.4.5; 36	(280.8)
Alcohol	2.4.5; 28	(106.6)
Tobacco	2.4.5; 44	(94.4)
Professional Services: Accountant	2.5.5; 123	(27.7)
Professional Services: Barber & Cosmetologist	2.5.5; 119	(191.1)
Professional Services: Funeral Director & Embalmer	2.5.5; 126	(19.0)
Professional Services: Lawyer	2.5.5; 122	(96.8)
Utilities	2.4.5; 55	(309.4)
Higher Education	2.4.5; 101	(154.9)
PK-12 Education	2.4.5; 102	(41.4)
Vocational Education	2.4.5; 103	(39.6)
Insurance Premiums	2.4.5; 90	(265.8)
Individual Healthcare (includes nursing homes), not recouped	2.5.5; 39, 43, 50	(1,354.6)
Gambling	2.5.5; 91	(96.6)
Free checking & other financial services	2.4.5; 088	(271.2)
Rental Value of owner-occupied housing	2.4.5; 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5; 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5; 064	(45.1)
Foreign travel by US citizens	2.4.5; 109	(115.4)
Foreign travel into US	2.4.5; 110	138.2
US taxable base		4,630.7
MO share 1.77%:		81.963
Assume 2.3% loss for internet purchases		(1.885)
Estimate loss for other avoidance activities		(1.885)
Taxable Base excluding Food		78.193
Revenues At 7% Rate		5,473,510,000
Food for Home Consumption (added back at lower rate below)	2.4.5; 27	659.4
Food Stamps (not taxable under federal law)	3.12; 021	(66.5)
Net Food Purchases		592.9
MO Share 1.77%		10.494
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Net Food Purchases		10.4
Revenues At 5% Rate		518,950,000
Total Proposed Sales Taxes		5,992,460,000

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. The table includes replacing the Conservation and Parks & Soils sales taxes, since they are to be included in the 7% cumulative rate. Finally, the table includes the replacement of existing motor vehicle sales taxes; which are directed to highway usage by Section 1(e)2 but also subject to the 7% cumulative rate.

⁷ Revenues are as reported in the SAMII Data Warehouse.

Table 2.

Sources by Fiscal Year	2011
Individual Taxes	5,641,731,318
Individual Refunds	(992,658,828)
Property Tax Credit Refunds	(114,887,118)
GR Sales and Use Taxes	1,809,696,986
Sales Tax Refunds	(49,873,488)
SDTF General Taxes	685,534,055
SDTF Motor Vehicle Taxes	66,256,367
Conservation Taxes	86,056,513
Conservation MV Taxes	9,761,825
Parks & Soils Taxes	68,844,490
Parks & Soils MV Taxes	7,809,470
Motor Vehicles Sales Taxes	181,307,337
Total	7,399,578,927
Circuit Breaker Replacement Program	114,887,118
Revenues to Be Replaced	7,514,466,045
Total Proposed Sales Taxes	5,992,460,000
Difference	(1,522,006,045)

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of over \$1.52B when compared to revenue collections in FY 2011. Collections in that year rebounded from FY 2010, but remain well below peak collections in FY 2008. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Property Tax Relief in Proposal 11-58

Section 6(a)1 provides that the General Assembly create a credit against property taxes for qualifying seniors. Those that qualify include those over age 65, with less than 75,000 in income, where their property tax liabilities grow at rates exceeding the specified limits, if the appraised value of that property does not exceed \$400,000. The credit shall be for 50% of the qualifying growth in taxes. The state shall reimburse the counties for 75% of lost revenues. However, any taxpayer that takes relief under this section cannot take the existing Property Tax Credit.

BAP notes that appropriations for the recently expired Homestead Preservation Credit were from \$94,000 to \$3M annually. The proposed program has similar guidelines, and may have similar costs for state and local governments.

Section 6(a)2 provides an additional Homestead Exemption, and the state shall reimburse the local governments for these costs. No additional guidance is given as to the details of this program, therefore, associated costs are unknown.

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2012.

FY 2012 General Revenue Budget (\$M)	
K-12 Education	2,627
Higher Ed Institutions	785
Scholarships	33
State Employee Health Care Plan	234
DMH/DHSS Programs	327
Medicaid	1,743
Corrections	595
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	323

Other Impacts

This proposal effectively eliminates all of the tax credit incentive programs in the state. This would encourage current holders of tax credits who would have otherwise redeemed their credits after 1/1/16 to claim redemptions in an earlier fiscal year. This would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system in transition that may already be inadequately funded. Additionally, the state could not honor existing agreements for "streaming" tax credits authorized to be issued after 2016, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. The sales tax rate would be zero on used vehicles, significantly reducing revenues available to MoDOT. This would create a strong incentive for consumers to forgo purchases of new vehicles, which would further

adversely impact funding for road construction and maintenance. MoDOT can provide a fuller discussion of such issues.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Eliminating income taxes could include elimination of the Non-resident Athletes and Entertainers tax and subsequent disbursement of funds to public libraries and other "cultural partners" as authorized in RSMO 143.183. Based on current revenue estimates from the Missouri Dept. of Revenue, collectively libraries could lose up to \$3,150,000 (10% of collected non-resident income tax revenue) annually if this tax is eliminated.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no impact to their office.

Officials from **St. Louis County** indicated they expect local sales tax revenue, both county and municipal, to decrease significantly as sales are displaced.

The officials said the actual dollar impact is not calculable, however, they believe that the dramatic proposed increase in the state sales tax rate and the broadening of this tax to apply to certain services will dramatically diminish sales in Missouri, shifting purchases to the internet and to neighboring states (Illinois in the STL region, Kansas in the KC region). There could be a dramatic loss of local sales tax revenue as a result.

Officials from the **City of Jefferson** indicated it is unclear what the fiscal impact would be to the city should this petition become law.

Officials from the **City of Kirkwood** indicated they are unable to determine the fiscal impact on their city that may be caused by eliminating an income tax and replacing it with a sales tax.

Officials from the **City of Raymore** indicated there will be no fiscal impact.

Officials from the **City of St. Louis** indicated:

The elimination of the state tax on income and earnings also eliminates tax credits that have been utilized as incentives for development within the City.

Use of Tax Credits has been critical to the revitalization of the City of St. Louis, specifically downtown. Since 1998, **Brownfield Remediation Tax Credits** have been essential in catalyzing over 97 projects; \$130 million in Brownfield Remediation Tax Credits have leveraged over \$2.58 billion in other funds. Additionally, over 12,000 jobs were projected as a result of these projects. (Source: Missouri Dept. of Economic Development 7/15/2010)

Since 2000, approximately 75 **large-scale projects were aided directly by the use of State Historic Tax Credits, leveraging over \$2.8 billion in private investment. These large-scale projects** created over 5,600 jobs for completed projects, with another 1500 jobs anticipated to be created by projects currently underway. Again, these are rough estimates and only contemplate the impact of the historic tax credit on large projects. It does not contemplate the hundreds of smaller projects that would not have been possible without the tax credits - projects which also represent significant investment and job creation.

The low-income housing tax credit has also leveraged significant investment in the City, particularly on the north side. Quick data is not available for this impact, but it is significant. The point here is that without the tax credits as an incentive these projects, jobs and investment would not have happened. Eliminating the tax credits and income tax essentially halts redevelopment in the urban core. No income tax essentially eliminates the buyers of credits.

While the proposed legislation provides for replacement of existing local sales tax revenues with a new local consumption taxes at rates to be determined by the state DOR, the process for achieving tax neutrality is unclear, creating uncertainty with the existing sales tax base of \$150M.

All existing local sales and use taxes are applied to receipts from the sale at retail of all tangible personal property or services as currently defined in Chapter 144 R.S. Mo. By eliminating the provisions of this chapter on the state level the foundation for the imposition of the sales and use taxes on the local level becomes uncertain. The proposed initiative does provide that the Mo. Dept. of Revenue

impose a new rate for local jurisdictions to replace the existing sales tax revenues. However, the method and practicality of establishing a rate that achieves revenue neutrality from an unknown base is unclear. The provision also establishes the targeted new revenue base as the average of receipts from the previous five years prior to January 1, 2014, thus depriving the City of any growth in the intervening period.

City of St. Louis Sales and Use Tax Revenues

	<u>FY10</u>	<u>FY11</u>	<u>FY12p</u>	<u>FY13p</u>	<u>FY14p</u>
City Sales Taxes					
General Fund	45,530,000	46,000,000	46,460,000	46,692,000	46,925,000
Capital Fund	16,540,000	16,450,000	16,615,000	16,698,000	16,781,000
Public Safety Sales Tax Fund	16,207,000	16,581,000	16,900,000	16,985,000	17,070,000
Local Parks Fund	4,055,000	4,138,000	4,179,000	4,200,000	4,221,000
Regional Parks Fund	1,508,000	1,530,000	1,545,000	1,553,000	1,561,000
Transportation Sales Tax Fund	16,563,000	16,734,000	16,901,000	16,986,000	17,071,000
Metro Sales Tax Fund	8,614,000	16,734,000	16,901,000	16,986,000	17,071,000
TIF Funds	4,186,000	4,229,000	4,271,000	4,292,000	4,313,000
	113,203,000	122,396,000	123,772,000	124,392,000	125,013,000
Local Use Tax					
Local Use Tax Fund	25,449,000	27,200,000	27,472,000	27,609,000	27,747,000
	25,449,000	27,200,000	27,472,000	27,609,000	27,747,000
Total	<u>\$138,652,000</u>	<u>\$149,596,000</u>	<u>\$151,244,000</u>	<u>\$152,001,000</u>	<u>\$152,760,000</u>

Officials from the **City of Wentzville** indicated this petition will do away with the state income tax, the tax on income or earnings.

In 1/1/14 all laws enacted by general assembly imposing sales and use taxes are repealed. Officials said they see no specification whether this is the state's sales and use tax, or all sales and use taxes, so they assume all local sales, use and special sales taxes for Capital Improvements, Transportation, Parks and Storm Water, and Economic Development will be wiped out, too.

The state will impose a sales tax of 7% to replace its lost revenue, with a long list of exceptions that will wipe out all source of sales tax except for necessities. Then section (i) voids the sales taxes of counties and other political subdivision and taxing authorities again the officials said they assume this is all sales taxes, even the ones approved by voters and not the general sales tax. A new rate will be produced in the amount to keep

revenues equal, but section (1g) caps the cumulative sales tax rate at 10%. If the max is 10% and the state gets 7% that only leaves 3% for counties, cities, etc. If this is just the General Sales Tax of these entities it may be neutral, since the city does not get any income tax or earnings tax. But if the ability to continue to impose a Capital Sales Tax or a Park Sales Tax or a Transportation Sales Tax, to support the community and make improvements to the city, is voided then there is not enough room under the cap to make up the revenues the city will lose. Cities like Wentzville will not be able to survive. The city has bond issues outstanding, with the debt being paid by these, voter approved, sales taxes that the city will not have the revenues to pay. This will put the city in default on the issues and most likely into bankruptcy. Then roads, parks public buildings and infrastructure will no longer be maintained and no one will want to live here anyway.

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in a drastic reduction in general revenue for the State of Missouri, there may be a fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **Metropolitan Community College** indicated the fiscal impact for their college is unknown at this time.

Officials from the **Public Service Commission** indicated this proposed initiative will have no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this petition will not have a fiscal impact on their agency.

The Civic Council of Greater Kansas City provided information as an opponent of this initiative petition.

Overview

Government in Missouri essentially operates with three major sources of revenue:

- The income tax, which is primarily a state source (except for the earnings taxes levied in the City of St. Louis and Kansas City);
- The sales tax, which is utilized by both the state and local governments;
- The property tax, which is exclusively a local government source of revenue (except for the minimal blind pension tax imposed by the state).

The initiative petitions would, in essence, permanently and constitutionally ban the use of an income tax in the future, thereby making Missouri (with a few small exceptions) dependent on only the sales tax for all future revenues. The initiative petitions also ban the use of income-related taxes for local governments; local governments would have only the sales tax and the property tax with which to operate.

The initiative petitions also institute permanent caps on the rates that the state government and combinations of local governments may levy. The state sales tax rate is capped at 7%; the combined local sales tax rates are capped at 3%, a rate well below what many local governments are currently levying.

The initiative petitions also lock into the Constitution the exemptions from this expanded consumption tax, making any future tax revenue increases impossible at both the state and local level (because local governments must tax the same things that the state taxes).

It appears the intent of the initiative petitions is to place both state and local governments in a "Constitutional headlock," locking them into limited revenue sources with Constitutional caps and permanent, Constitutional exemptions. In addition, the initiative petitions lock the state government into revenue levels that are far below current revenues, as the analysis will show below.

The Methodology

For purposes of this analysis, the work will utilize the final Fiscal Year 2011 net general revenue receipts for the individual income tax and the sales tax, without inflating any of the tax receipts forward.

Impact Of Expanding The Sales Tax Base To Include Food

Missouri does not currently tax food for the \$.03 sales tax that goes into the General Revenue Fund. However, the \$.01 Proposition C sales tax does tax food purchased at retail for home consumption. Therefore, the analysis allows for a calculation of how

much additional revenue would be generated by taxing food at the rate of \$.055, as stipulated by the initiative petitions.

The calculation is as follows (in thousands):

Table 1
Revenues Generated By Taxing Food

Sales Tax at 3%--General Fund	\$1,759,822
Sales Tax Revenue Per \$.01 Of Tax	\$586,607
Prop C Sales Tax (including food)	\$716,269
Sales tax generated by taxing food per \$.01	\$129,662
Revenue Generated By Taxing Food At \$.055	\$713,139

It should be noted that while the initiative petitions expand the state tax base to include food, food purchased at retail for home consumption is already taxed by local governments, so expanding the state definition has no impact on local government revenues.

How Much Revenue Is Generated by Increasing The Current Sales Tax To 7% And Taxing Food At 5.5%?

The current Missouri sales tax of 3% generated net sales tax receipts for Fiscal Year 2011 of \$1,759,822,000. Therefore, each penny of sales tax levied generated \$586,607,000 in sales tax receipts.

The following calculation, utilizing the final FY 2011 sales tax receipts and the final receipts from taxing food through Proposition C, illustrates the impact of expanding the current sales tax to 7% and taxing food at 5.5% in 2016, when the changes are fully implemented:

Table 2
Revenue Generated With 7% Sales Tax and Food Taxed at 5.5%
(in thousands)

Current Sales Tax Receipts at \$.03	\$1,759,822
Sales Tax Revenue Per \$01. Of Tax	\$586,607
Increase Rate To \$.07	\$4,106,251
Add Taxation Of Food At \$.055	\$713,139
Total Tax Revenue Without Taxing New Items	\$4,819,390
Less: Conservation Sales Tax	\$89,966
Less: Parks and Soils Sales Tax	\$76,654
Total Tax Revenue At 7% Sales Tax and 5.5% Tax On Food	\$4,652,770

How Do These Revenues Compare To Current Revenues That Would Need To Be Replaced?

Increasing the current sales tax to 7% and taxing food at 5.5% does not generate adequate revenue to replace current revenues that will be eliminated under the initiative petitions. In Fiscal Year 2011, the individual income tax generated \$4,840,299,000 in tax receipts to the General Fund. The current 3% sales tax would need to be replaced by the 7% sales tax, so the amount of \$1,759,822,000 that was the final receipts for FY 2011 must be included in the replacement calculation.

The initiative petitions also replace the 1% Proposition C sales tax, which generated \$716,269,000 in Fiscal Year 2011. Finally, the initiative petitions call for a continuation of a Senior Citizens Circuit Breaker program, which was estimated in the Fiscal Year 2012 Governor's budget to cost \$120,000,000.⁸

In addition to the repealed taxes, any competent fiscal analysis should recognize that there are a multitude of tax credits outstanding that are liabilities of the state. Most of these tax credits are currently taken against the individual income tax. By eliminating the

⁸ Although the earlier nine initiative petitions submitted by Let Voters Decide would have also repealed the corporate income tax, the current two new initiative petitions do not repeal the corporate income tax.

individual income tax, this proposal would limit the ability of tax credit holders to redeem their tax credits.

In earlier submissions in support of the nine initiative petitions previously filed, Let Voters Decide argued that the credits could simply be taken against the insurance premium tax and the corporate income or franchise tax. Since that time, the corporate franchise tax has been repealed by the General Assembly. If one combined the receipts from the insurance premium tax and the corporate income tax, they would have combined receipts of approximately \$377 million. Total tax credit redemptions in FY 2011 equaled \$545 million, including the cost of the Senior Citizen Circuit Breaker.

Even if these credits were taken against the corporate income tax and the insurance premium tax, they are a reduction from revenues that must be accounted for in this discussion. Therefore, the total tax revenues that need to be replaced are:

Table 3
Current Tax Revenues/Programs That Need To Be Replaced
(in thousands)

Individual Income Tax	\$4,840,299
3% Sales tax	\$1,799,822
Senior Citizens Circuit Breaker	\$120,000
1% Prop C Sales Tax	\$716,259
Tax Credits Already Issued/Earned	\$425,000
 Total To Be Replaced	 \$7,901,380

Governmental Death Begins In 2014

While the proponents of the initiative petitions have pushed the ultimate devastation of state and local governments out to 2016, when the whole proposal is fully implemented, the first phase actually happens in 2014, when their manipulation of the tax base shows the true devious nature of these proposals.

In 2014, the sales tax rate goes up 1/3 of the 3% (thereby 33.33%) increase that the proponents ultimately envision will be the increased rate in 2016. However, the income rate is cut in half (or 50%). There is no doubt that state government will be a net loser in 2014, even if one were to believe that these proposals were somehow revenue neutral, which they are clearly not.

In 2014, food could be taxed at a 4% rate, but the Proposition C sales tax already taxes food at 1%, so the net increased rate on food would be a 3% tax rate.

Table 4
Net General Revenue Loss In 2014

\$.01 Increase In Sales Tax Rate	
New Tax Revenue	\$586,607
\$.03 Increase In Tax On Food	\$388,986
 Total Increased Revenue	 \$975,593
 Estimated Lost Income Tax Revenue	
Reducing Income Tax Rate From 6% to 3%	\$2,420,150
 Estimated Net Lost General Revenue In 2014	 <u>(\$1,444,457)</u>

The Greater Imbalance In 2016

The difference between the new revenues generated from a sales tax of 7% on most items and a 5.5% sales tax on food (Table 2) and the revenues that need to be replaced (Table 3) creates a gap of well over \$3 billion, when considering current revenues to be replaced, continuing the Senior Citizen Circuit Breaker, and accounting for outstanding tax credits. The previously submitted nine initiative petitions would have arguably filled some of that gap by taxing things that are not currently subject to state sales tax, such as health care, utilities, child care, and professional services. Those services are specifically excluded from sales taxation by the two new initiative petitions.

The only expanded service that could be identified that would be taxed under the new initiative petitions would be cable and satellite telecommunications providers. It also appears that the sale of advertising would be taxed if authorized by the Missouri General Assembly.

The proponents of the initiative petitions frequently tout that their proposals are based upon the tax system in Tennessee, which levies a sales tax at 7% and a tax on food at 5.5%, similar to these two initiative petitions. Therefore the analysis examined tax expenditures in Tennessee to determine what they exclude from taxation.

Attached is the tax expenditure page from the Tennessee state budget. It appears that virtually all of the tax expenditures in Tennessee (except possibly advertising) are exempted in the initiative petitions. With the exception of advertising (which in Tennessee has a tax expenditure of \$133 million), there are no new revenues to be generated by expanding the services that are taxed under the two initiative petitions. Therefore, the gap between current revenues and the new revenues to be generated by either of the initiative petitions continues to be nearly \$3 billion.

In 2016, the 7% tax rate must also account for the constitutional sales taxes for conservation and parks and soils that are authorized by Sections 43 (a) and 47 (a) of Article 4 of the Missouri Constitution. In Fiscal Year 2011, the Conservation Sales Tax had receipts of \$89,966,000, while the Parks and Soils Sales Tax had receipts of \$76,654,000.

The Impact On Local Governments

The initiative petitions would also cap the local sales tax rate at 3%. Because local governments already tax food purchased for home consumption, and there are minimal expansions of services to be taxed under the initiative petitions, any local governments with a combined city/county tax rate in excess of 3% would have a revenue loss under the initiative petitions. There are a multitude of local governments in the state where the combined city/county tax rate is in excess of 3%, including:

Table 5
Selected Local Governments With Combined Sales Tax Rates Above 3%

<u>County</u>	<u>City</u>	<u>Local Tax Rate</u>
Franklin	Union	4.25%
Lincoln	Troy	3.95%
St. Louis	Clayton	3.95%
Warren	Warrenton	3.75%
Washington	Potosi	4.00%
Platte	Kansas City	3.63%
Jackson	Kansas City	3.50%

Many current local sales taxes have sunset clauses that require a periodic reauthorization by the voters in order to continue the tax. Arguably, the initiative petitions prohibit such reauthorizations, meaning that all current taxes with a sunset provision would effectively end on the date of sunset (unless approved by a 4/7 majority of the voters). Further, it is unclear in the initiative petitions whether any future reauthorization of an existing sales tax would count towards the 3% cap.

The Calculation Of The Local Rate

Section 1(i)(2) of both the initiative petitions state that a new rate shall be imposed by the counties, other political subdivisions and other taxing jurisdictions on sales and services to produce an amount of revenue substantially equal to the amount that was produced by the prior rate of the tax on average in the five years prior to January 1, 2014. However, the calculation of the local rate by the Department of Revenue is based upon a schedule of events that can never happen. Section 1(i)(3) requires the Department of Revenue to provide a new rate to the counties, other political subdivisions and other taxing jurisdictions no later than September 1, 2013. The year 2013 would be included in the five year period, and the calendar year would not be completed by September 1, 2013. Therefore, the Department of Revenue could not possibly perform the calculation

required by this new Constitutional section and give a correct rate to the counties, other political subdivisions and other taxing jurisdictions.

The Tennessee Balancing Act

Proponents of the initiative petitions cite Tennessee as the example of how having only a sales tax and no income tax provides an economic engine for growth. This argument ignores the fact that Tennessee balances its budget with much higher taxes on businesses than Missouri levies, and that trying to replace existing revenues with only a sales tax similar to that in Tennessee would create a dramatic revenue shortfall.

Tennessee has a corporate income tax, but it is called an excise tax. Tennessee has a franchise tax that generates dramatically more than the franchise tax in Missouri (which was recently repealed by the General Assembly). Tennessee imposes an annual "privilege tax" of \$400 on anyone licensed as a professional in Tennessee, from doctors and lawyers to real estate agents. Tennessee levies a gross receipts tax of 3% on its gas, water and electric utilities. While these taxes would ultimately be paid by consumers, they do not show up as a sales tax, but rather as a gross receipts tax on the utility. In a similar fashion, Tennessee imposes a gross receipts tax on bottlers and on vending machines. Tennessee also has an income tax on interest and dividend income, although the proponents would have you believe that there are no income taxes in Tennessee.

In the aggregate, all of these business taxes add up, as shown in the table below:

Table 6
Tennessee Taxes On Individuals, Businesses and Professions

<u>Tennessee</u> <u>Tax Type</u>	<u>Estimated FY 2010-2011 Receipts</u>
Income Tax On Interest, Dividends	\$199,500,000
Privilege Tax	\$226,000,000
Gross Receipts Tax--TVA And Other	\$344,700,000
Franchise Tax	\$596,000,000
Excise tax	\$891,400,000
Business Tax	\$157,900,000
Total	\$2,415,500,000

This table clearly shows that Tennessee does not provide services for its citizens with only a 7% sales tax on most items and a 5.5% sales tax on food.

The Tennessee Single Article Sales Tax and Other Tennessee Tax Quirks

The proponents would have you believe that the state sales tax in Tennessee is limited to 7%. This is not true. Tennessee, in addition to the 7% sales tax, also levies a "Purchases of Single Articles" tax of 2.75% (which is a state only tax) on the cost between \$1,600 and \$3,200 of any item of any single article sold. (Pages 14-15, Tennessee Sales and Use Tax Guide, February 2011). Therefore, for every item above \$3,200 in value, the state levies an additional sales tax of \$44, on top of the normal 7% tax rate.

All satellite television programming to homes is taxed at 8.25%. Tennessee also taxes cable and wireless services at a rate different than 7%. Cable and wireless charges of less than \$15 are exempt by law. Cable and wireless services of \$15.01 to \$27.50 are taxed at the state rate of 8.25%. Charges of \$27.51 and higher are taxed at the normal state and local rates. (Page 7, Tennessee Sales and Use Tax Guide, February 2011).

Proving Our Analysis Is Correct By Using Tennessee Revenues

The proponents imply that Missouri can replace existing revenues by simply mimicking the Tennessee sales tax system. This simply is not true.

In its Fiscal Year 2011-2012 budget request, Tennessee estimated its Fiscal Year 2011 sales tax receipts to be \$6.4 billion. This is obviously far less (approximately \$1.5 billion less) than the revenues that need to be replaced as outlined earlier in our Table 3. Therefore, if Missouri taxed exactly as Tennessee imposes the sales tax, the state would incur at least a \$1.5 billion shortfall under the proposed initiative petitions.

However, the initiative petitions do not tax in the same manner as Tennessee. For example, the Single Article Sales Tax in Tennessee imposes an additional 2.75% tax on the price between \$1,600 and \$3,200 in the purchase of any single item. Water bills are exempted from the proposed Missouri version of the sales tax, while water bills are taxed at state tax rate of 7% in Tennessee (plus the local tax rate). Satellite television services are taxed at 8.25% state rate, not 7%.

If these taxes that will not be imposed in Missouri are eliminated from the calculation (Single Article Sales Tax, tax on water bills) or taxed at a lower rate in Missouri (satellite television) than in Tennessee, in order to get an "apples to apples" estimate of revenues, it would likely reduce the comparable Tennessee revenues to below \$6 billion, and expand the shortfall to in excess of \$2 billion.

Suggested Wording For Fiscal Impact Statement

The Auditor's fiscal impact statement must advise the public of the dire consequences of these proposed initiative petitions if adopted. The Civic Council of Greater Kansas City suggests the following language for your consideration:

Eliminates the individual income tax and replaces it with a state sales tax not to exceed 7%, with many constitutional exemptions from the sales tax. Net general revenue will lose over \$1 billion in 2014 and \$3 billion in 2016. State services will be cut to balance the reduced revenues.

Major Tax Exemptions from the Sales and Use Tax
Currently Untaxed Services: Table 1-A

Service/Product Area Exempted	FY 2011-2012 Estimated Loss	
	State	Local *
Administrative and Support Services	\$ 362,900,000	\$ 124,400,000
Collection Agencies and Credit Bureaus	25,400,000	8,700,000
Employment Services	199,600,000	68,400,000
Investigation and Security Services	45,300,000	15,500,000
Mail, Document Reproduction, and Call Centers	18,600,000	5,700,000
Services to Buildings and Dwellings	75,000,000	26,100,000
Construction Services	\$ 754,800,000	\$ 262,200,000
Construction of Buildings	252,900,000	85,700,000
Heavy and Civil Engineering Construction	105,700,000	36,200,000
Specialty Trade Contractors	496,200,000	139,300,000
Educational Services	\$ 45,600,000	\$ 15,700,000
Educational Services (for-profit)	41,000,000	14,100,000
Educational Services (non-profit)	4,600,000	1,600,000
Finance, Insurance, and Real Estate	\$ 280,200,000	\$ 96,200,000
Investment Banking, Securities Brokerage, and Related	91,500,000	31,400,000
Insurance Agents and Related	71,000,000	24,400,000
Real Estate Agents and Brokers	117,600,000	40,400,000
Health Care and Social Services (For-profit)	\$ 779,200,000	\$ 267,100,000
Physicians and Dentists	450,300,000	154,400,000
Other Health Practitioners	53,400,000	18,300,000
Hospitals	89,900,000	30,800,000
Nursing and Residential Care Facilities	85,700,000	29,400,000
Outpatient Care Centers	32,700,000	11,200,000
Medical and Diagnostic Laboratories	25,700,000	8,800,000
Other Selected Health Services	10,900,000	3,700,000
Social and Community Services	30,600,000	10,500,000
Health Care and Social Services (Non-profit)	\$ 480,360,000	\$ 164,800,000
Hospitals	388,000,000	136,500,000
Nursing and Residential Care Facilities	27,900,000	9,600,000
Outpatient Care Centers	27,000,000	9,300,000
Other Selected Health Services	6,600,000	2,300,000
Social and Community Services	20,600,000	7,100,000
Information Services	\$ 59,000,000	\$ 18,400,000
Data Processing Services	24,500,000	8,400,000
Movie Production and Sound Recording Studios	6,500,000	2,400,000
Cable TV Subscriptions (exempt amount)	15,500,000	3,400,000
Newspaper Subscriptions and Sales	12,100,000	4,200,000
Media Advertising Sales	\$ 135,800,000	\$ 46,600,000
Newspaper Advertising	40,200,000	13,800,000
Radio Advertising	29,100,000	8,900,000
Television Advertising (Broadcast and Cable)	75,500,000	25,900,000
Personal Services	\$ 87,900,000	\$ 30,100,000
Coin-operated Laundry	2,900,000	1,000,000
Death Care Services	10,000,000	5,500,000
Diet and Weight Loss	1,800,000	600,000
Hair, Nail, and Skin Care Services	39,200,000	13,400,000
Non-Profit Amusement and Membership Organizations	28,000,000	9,600,000
Professional and Technical Services	\$ 728,800,000	\$ 249,700,000
Accounting, Tax Return Preparation, and Payroll	85,000,000	32,600,000
Advertising and Public Relations	33,000,000	11,300,000
Architectural Services	25,500,000	8,700,000
Engineering Services	154,600,000	53,000,000
All other Architectural, Engineering, and Related	14,800,000	5,100,000
Specialized Design Services	17,400,000	6,000,000
Computer Systems Design and Related Services	48,000,000	16,400,000
Legal Services (profit and non-profit)	196,400,000	67,000,000
Management, Scientific, and Technical Consulting	153,300,000	52,500,000
Scientific Research and Development (profit and non-profit)	28,800,000	7,100,000
Transportation Services (Local Tracking only)	\$ 60,800,000	\$ 20,900,000
Trunk Transportation (Local)	60,800,000	20,900,000
Total Revenue Loss	\$ 3,785,400,000	\$ 1,296,100,000

* Local revenue loss calculated based on an average local sales tax rate of 2.40%.

Source: Tennessee Department of Revenue

Marc H. Ellinger provided information as a proponent of this initiative petition.

Executive Summary

This document describes four potential scenarios for the future taxable base under our measure if approved by voters. Under the expected scenario, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$180,728,190 and no impact on local government revenue.

Mr. Ellinger said he first estimates the existing sales tax base using data from the Department of Revenue. Reported taxable sales for FY2010 are \$72.2 billion, but these figures significantly overstate the taxable base as they do not account for losses from excluding food sales, food stamp purchases, timely payment discounts and various other exemptions. The effective sales tax base is calculated to be \$59.6 billion FY2010. The effective sales tax base is calculated using data on actual tax collections from the Department of Revenue.

To estimate the tax base under the measure, national accounts from the U.S. Bureau of Economic Analysis are first translated to state accounts using a widely used personal income ratio method and then used to estimate the size of all exemptions in the measure. Next, the total potential taxable base of \$438 billion is derived from the same BEA accounts. Finally, all exemptions are subtracted from the potential tax base to arrive at an estimated tax base of \$111.3 billion in FY2010.

The estimated sales tax base under the measure is projected to have generated \$7,663 million (33.82% of the state's budget) in FY2010. The tax base would have constituted 45.61% of Missouri's Gross State Product in 2010. This compares favorably to other no-income tax states. Data from other no-income tax states that impose a sales tax demonstrate that the measure would be consistent with the experience of those seven states, which generate between 17.45% and 35.15% of their state budgets from state sales taxes (vs. 33.82% projected under the measure), and have effective tax bases between 33.72% and 63.03% of Gross State Product (vs. 45.61% projected under the measure).

Missouri's Net State Income Tax combined with the Senior Property Tax Credit in FY2010 was \$4,434 million out of a total budget of \$22,661 million. Replacing the state income tax under the measure can be conceptualized as increasing the sales tax rate on the existing tax base by 2.775%, expanding the sales tax base, and taxing food at a discounted rate of 5.5%. If the measure was in effect in FY2010, the revenues from these three sources are projected to have raised \$1,656, \$3,058, and \$437 million respectively for a combined \$5,150 million; far in excess of the needed \$4,434 million.

If approved, the measure would reduce personal income tax rates to 3% starting January 1, 2014 while simultaneously broadening the tax base and raising the sales tax rate to 5%. Two years later, on January 1, 2016, income taxes would be eliminated completely while the sales tax rate would increase to 7%.

To project the fiscal impact of the measure Mr. Ellinger said he constructed four scenarios. The expected scenario assumes no dynamic effects of the measure on economic growth. Scenarios two, three and four examine the impact of faster economic growth expected to result, should the measure be approved. Under all four of the scenarios, Mr. Ellinger said he projects no impact in FY2013 given that no changes happen until January of 2014. In FY2014, under each scenario, the projected fiscal impact on state revenues is positive. Under no scenario does Mr. Ellinger said he projects any impact on local government revenues.

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- Projected Future Sales Tax Exemptions
- Projected Future Sales Tax Base
- Sales Tax Bases in Other No-Income Tax States
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- Appendix – Economic Performance of No-Income Tax States
- Appendix – Revenue Volatility

Current Sales Tax Base

Any rigorous discussion of the future sales tax base must begin with an analysis of the current sales tax base and its composition. The Missouri Department of Revenue publishes reports about taxable sales,¹ providing a good starting point for the analysis of the current tax base. According to the reports available, Missouri's taxable base was \$72.2 billion in FY2010 – calculated as calendar year 2009 Q3 and Q4 + calendar year 2010 Q1 and Q2.

However, the Department of Revenue's report of taxable sales is not an accurate picture as it overstates the tax base of the General Revenue sales tax. The overstatement results from not making deduction for the following (1) food sales are not subject to the General Revenue sales tax,² (2) food stamp purchases are exempt from all sales taxes,³ (3) the state offers a discount to retailers for making timely payments;⁴ (4) various tax exemptions narrow the tax base.⁵ Mr. Ellinger said he believes these items are the major contributors in the Department of Revenue's overstatement of the taxable base, but this list is not exhaustive.

A more appropriate method for calculating the sales tax base is to start with actual revenues collected and using the sales tax rates applicable, to calculate the effective sales

tax base. To start Mr. Ellinger said he uses actual taxes collected as reported by the Missouri Department of Revenue and compiled by The State & Regional Fiscal Studies Unit, Research Center at the University of Missouri-Columbia.^{6,7} Reported revenue from "General Sales & Use" taxes for FY2010 was \$1,790,181,500. Mr. Ellinger said he divides this number by the sales tax rate to General Revenue of 3%.⁸ The resulting, "effective tax base" is \$59,672,716,666 or \$59.6 billion.

Since the general sales tax is not levied upon food - the resulting tax base excludes food purchases. To calculate the effective sales tax base including food purchases Mr. Ellinger said he uses actual collected sales revenue dedicated to the Education Trust Fund. This sales tax of 1% is levied upon all taxable sales including food sales and is also often referred to as "Proposition C" sales tax as it was established by Proposition C, passed in 1982 with the approval of 53.2% of Missouri voters.⁹ Sales tax collections for the Education Trust Fund in FY2010 totaled \$676,135,700. Dividing by the tax rate of 1%, Mr. Ellinger said he calculates an effective tax base of \$67,613,570,000 or \$67.6 billion. Since the biggest difference between the General Revenue Sales Tax base and the Education Trust Fund Sales Tax base is the taxation of food for home consumption, Mr. Ellinger said he can estimate the amount of food sales as the difference between the effective tax bases. The data is summarized in the table below.

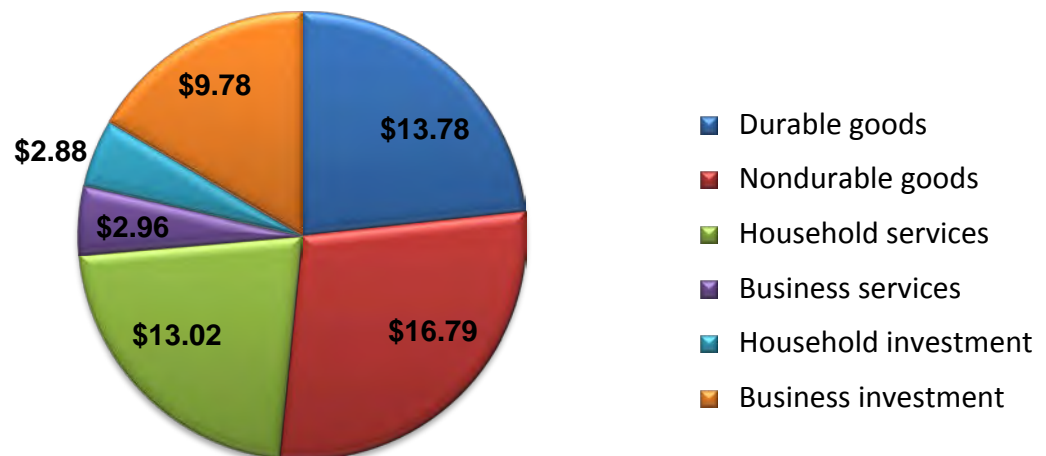
Fiscal Year, nominal dollars (\$ '000)	2005	2006	2007	2008	2009	2010
General Revenue Tax Collections	1,830,038	1,910,620	1,967,200	1,973,768	1,882,210	1,790,182
Education Trust Fund Tax Collections	675,963	712,320	728,240	735,849	701,560	676,136
Effective Tax Base						
General Revenue	61,001,267	63,687,333	65,573,333	65,792,267	62,740,333	59,672,717
Education Trust Fund	67,596,300	71,232,000	72,824,000	73,584,900	70,156,000	67,613,570
Estimated Food Sales less food stamp purchases	6,595,033	7,544,667	7,250,667	7,792,633	7,415,667	7,940,853
General Revenue Sales Tax Rate	3.0%					
Education Trust Fund Tax Rate	1.0%					

As the next step in the analysis of the existing tax base, Mr. Ellinger said he determined the composition of the sales tax base using macroeconomic accounts from the Bureau of Economic Analysis. To do this, Mr. Ellinger said he started from national accounts and scaled them to the size of Missouri's economy using the ratio of Missouri's personal income to national personal income. This method of mapping national accounts to state

accounts is widely accepted and has been used by state governments,¹⁰ universities¹¹ and most importantly, Mr. Ellinger said in his judgment, Missouri's Office of Administration.¹²

In the analysis of the current tax base Mr. Ellinger said he uses the Bureau of Economic Analysis' accounts for "Personal Consumption Expenditures by Type of Product,"¹³ "Private Fixed Investment in Structures by Type,"¹⁴ "Private Fixed Investment in Equipment and Software by Type,"¹⁵ "Government Social Benefits,"¹⁶ and "Intermediate transactions."¹⁷ Analyzing the state statutes and macroeconomic accounts Mr. Ellinger said he estimates the composition of the existing state taxable base using the categories defined by the BEA.

FY2010 Current Tax Base - \$59 billion



[1] <http://dor.mo.gov/publicreports/>

[2] <http://www.moga.mo.gov/statutes/C100-199/1440000014.HTM>

[3] <http://www.moga.mo.gov/statutes/C100-199/1440000037.HTM>

[4] <http://www.moga.mo.gov/statutes/C100-199/1440000030.HTM>

[5] <http://www.moga.mo.gov/statutes/C100-199/1440000710.HTM>

[6] <http://eparc.missouri.edu/Publication/HistTax/Section01/Orp01.pdf>

[7] <http://eparc.missouri.edu/Publication/HistTax/Section01/Orp34.pdf>

[8] <http://dor.mo.gov/business/sales/>

[9] [http://ballotpedia.org/wiki/index.php/Missouri_Proposition_C_\(1982\)](http://ballotpedia.org/wiki/index.php/Missouri_Proposition_C_(1982))

[10] <http://www.green.maryland.gov/mdgpi/1a.asp>

[11] http://www.uvm.edu/giee/genuine/Vermont_GPI_methods.pdf

[12] <http://www.auditor.mo.gov/notes/11-15.pdf>

[13]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=70&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[14]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=151&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[15]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=157&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[16]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=110&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[17] http://www.bea.gov/industry/iotables/table_list.cfm?anon=975584&CFID=4715180&CFTOKEN=d79318e0618bf897-DB9C3496-EACA-1C45-C9DA6A15F742E2BD

Projected Future Sales Tax Exemptions

Under the proposed constitutional amendment, all sales of goods and services, unless specifically exempt, are subject to sales tax. Consequently, in estimating the total tax base, estimating the size of the exemptions is crucial. Based on the analysis of the national accounts from the BEA, existing state laws and the language of the proposed constitutional amendment Mr. Ellinger said he derived the size of the total potential tax base and the size of exemptions in the measure. In FY2010, Missouri's share of national personal income was 1.7675%,¹ total gross state product was \$244 billion,² and intermediate transactions between businesses totaled an estimated \$194 billion.³ The data is summarized below.

Definitions:

Intermediate transaction (business to business) – transaction between businesses for goods and services as part of a company's normal operations

Gross State Product – final output of businesses, non-profits and government services

Missouri's 2010 share of national personal income	1.7675%	http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4 table (SA1-3)
Missouri's 2010 reported gross state product	\$244 billion	http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1
Missouri's 2010 estimated intermediate transactions based on BEA input output tables and Missouri's share of national personal income	\$194 billion	http://www.bea.gov/industry/iotables/table_list.cfm?anon=974801&CFID=1567841&CFTOKEN=6d48b48a7e69692a-244C7BF1-E52C-901F-E671492F41AFCA9C
Total potential base	\$438 billion	

[1] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4> table (SA1-3)

[2] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1>

[3] http://www.bea.gov/industry/iotables/table_list.cfm?anon=974801&CFID=1567841&CFTOKEN=6d48b48a7e69692a-244C7BF1-E52C-901F-E671492F41AFCA9C

Projected Future Sales Tax Base

Mr. Ellinger said he has examined the impact of cross border sales on the measure and the effective sales tax base. The available data indicates that cross-border sales are most often relegated to big-ticket items, alcohol and tobacco products.^{1,2,3} It also indicates that most day-to-day shopping is done close to home. Missouri benefits from having the lowest tobacco excise tax in the country and among the lowest alcohol excise taxes of any surrounding state.

The same data reveals that when relocating, households that buy homes and are employed are more likely to live in the state with the lower income tax rate.¹ Since most day-to-day shopping is done close to home, the location of the principle residence benefits from the day-to-day spending. In multi-state Metro areas "with large differences in income tax rates but similar sales and local taxes and measured public services," there is "more pronounced stratification with higher income households living in the state with the lower income tax rate."¹

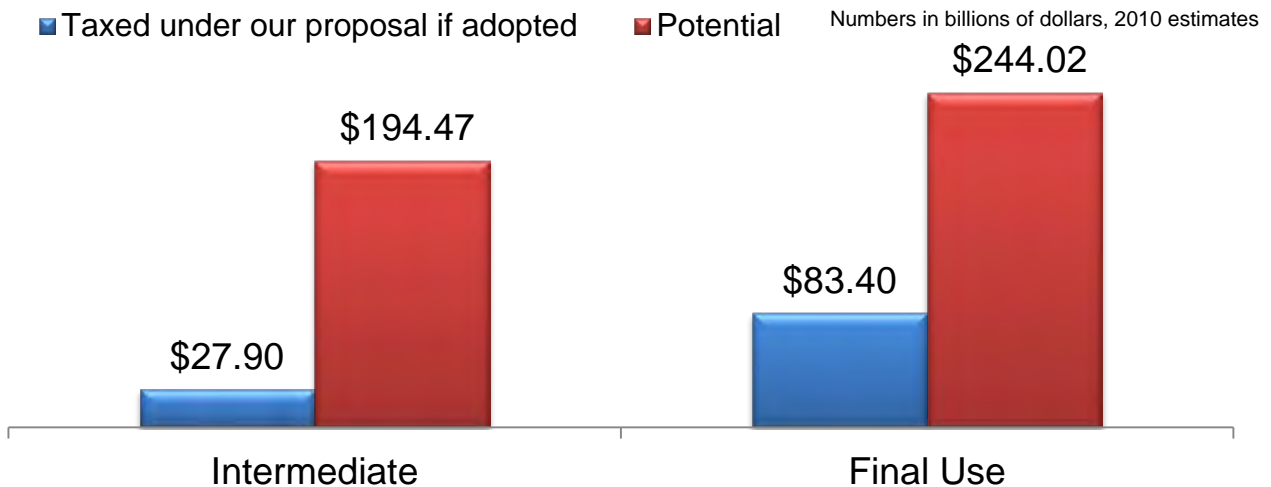
A simple measure of the impact of a higher sales tax rate on cross-border sales can be obtained by reviewing of the number of Wal-Mart locations located inside and on the borders of Missouri (4.225% sales tax) and Tennessee (7% sales tax). The prevailing "wisdom" would be that Tennessee with the highest sales tax rate of any of its neighbors would have fewer Wal-Mart locations within 15 miles of the border. Data from Wal-Mart reveals that the number of stores on the border of Missouri numbers 31 and Tennessee numbers 32. If the higher sales tax of Tennessee was a factor in driving cross-border sales, you would see few stores on the border particularly given the fact Tennessee has fewer total Wal-Mart stores (115) than Missouri (120).

The final indicator that cross-border sales are not a significant impact is firsthand information from Tennessee. The Tennessee State Comptroller provided information to a team of Missouri visitors regarding the issue of cross-border sales or "leakage" as he calls it. Comptroller Justin Wilson dismisses the cross-border impact on Tennessee and provides an almost identical comparison to the situation that exists in Kansas City, streets serving as stateliness, found in the Tri-cities area of northeaster Tennessee. His description of the impact of cross-border sales in Tennessee begins at approximately 00:06:40.⁴ Given the academic studies and empirical evidence, Mr. Ellinger said he views cross border transactions as not altering the basic premises of the models. The available margins of error built into the modeling are expected to account for changes in spending patterns should the measure be adopted.

If the total gross state product and all intermediate transactions were taxable, the tax base would be \$438 billion. Mr. Ellinger said he uses this number as the starting point and subtract exemptions, government, non-taxable items and a margin of error to account for revenue losses due to tax evasion and other forms of tax base erosion. The top ten

exemptions are exempt business-to-business transaction (\$166,576 million), healthcare (\$29,542 million), imputed rental value of owner occupied real estate (non-cash, non-taxable, \$22,057 million), nonresidential real estate (\$7,981 million), rent (\$6,299 million), residential real estate (\$6,064 million), insurance (\$5,616 million), pharmaceuticals (\$5,567 million), utilities (\$5,363 million), motor vehicle fuels (\$5,110 million). Combined, the top ten exemptions totaled \$260 billion dollars while all other exemptions (including government) have been calculated to total \$66.5 billion. In total, all exemptions are estimated to be \$326,706 million. Subtracting exemptions from the total potential tax base results in an estimated FY2010 sales tax base of \$111,294 million or \$111.3 billion. The data is summarized below.

Tax Base \$111.3B w/Measure (\$27.9 + \$83.4)



Top Ten Exempt – numbers in millions of dollars, 2010 estimates

Business-to-business transactions	166,576.76
Healthcare	29,542.80
Imputed rental value nonfarm housing	22,057.00
Real Estate: Nonresidential	7,981.90
Rental	6,299.10
Real Estate: Residential	6,064.20
Insurance	5,616.60
Pharmaceutical and other medical products	5,567.50
Household utilities	5,363.60
Motor vehicle fuels	5,110.70

Also exempt:

Financial services furnished without payment (free checking)	SNAP (Food Stamps)
Industrial and farm machinery	General industrial, including materials handling, equipment
Final consumption of nonprofits serving households	Special industry machinery
Education services (K12, Higher Ed, commercial and vocational)	Nonmedical instruments
New motor vehicles	Agricultural machinery
Social services and religious activities	Electrical transmission, distribution, and industrial apparatus
Gambling	Fuel oil and other fuels
Net purchases of used motor vehicles	Rental (commercial)
Ground, air and water transportation	Fabricated metal products
Medical equipment and instruments	Metalworking machinery
Engines and turbines	Construction machinery
Net expenditures abroad by Missouri citizens	Service industry machinery
Electrical equipment.	Mining and oilfield machinery
Postal services (USPS only)	Food furnished to employees (including military)
Group housing	Food produced and consumed on farms

[1] <http://www.ifiqr.org/workshop/spring09/Hoyt.pdf>

[2] http://www.be.wvu.edu/div/econ/work/pdf_files/05-12.pdf

[3] <http://www.taxfoundation.org/news/show/239.html>

[4] <http://www.youtube.com/watch?v=smHVD9QHnjg>

Sales Tax Bases in Other No-Income Tax States

After calculating the proposed sales tax base, Mr. Ellinger said he performed a similar analysis of existing sales tax bases in no-income tax states as well as the sales taxes collected in the context of state budgets. Mr. Ellinger said he uses data collected by the US Census Bureau^{1,2,3} on state and local governments combined with information from the individual states' departments of revenue.^{4,5,6,7,8,9} The US Census Bureau's data is the most appropriate source Mr. Ellinger said in his judgment because it uses a standardized classification for tax revenues and state budgetary accounts allowing for an accurate comparison between the states. In the analysis Mr. Ellinger said he used the latest data available which at the time of this document's writing was FY2008.

When estimating revenues under the measure, Mr. Ellinger said he has accounted for the fact that fiscal years and calendar years do not cover the same time periods. Fiscal years in Missouri span the last two quarters of the previous year and the first two quarters of the calendar year in which the fiscal year ends. To map between calendar years and fiscal years, Mr. Ellinger said he used data on reported taxable sales from the Missouri Department of Revenue. Mr. Ellinger said he calculated how much of the total sales of a given calendar year occurred in each half of the fiscal year and then used those ratios to calculate the taxes that would have been collected from an expanded sales tax base. In the models, FY2010 captured 50.9774% of sales from calendar year 2009 and 48.4991% of sales from calendar year 2010. Based on the estimated tax bases of \$108.8 and \$111.3 in calendar years 2009 and 2010 respectively, Mr. Ellinger said he calculated total expected tax collection in FY2010 to be \$7,663 million.

Given Missouri's actual spending in FY2010 of \$22,661 million,¹⁰ sales taxes under the measure would have contributed 33.82% of the total state budget, falling within the range of other no-income tax states. Of the nine states that have no income tax, seven have broad sales taxes (Alaska and New Hampshire have neither an income tax nor a state sales tax). In those seven states, general sales taxes as a percentage of total state budgets, contributed between 17.45% in Wyoming and 35.15% in Washington. The data collected give confidence that the estimates are feasible as is the degree of the projected reliance on sales taxes. The data is summarized below.

Projected FY2010 Sales Tax Revenues under the measure: \$7,663 million.

FY2010 Missouri Budget: \$22,661 million.

Projected sales tax revenue as % of state revenues in FY2010: 33.82%

Sales Taxes as % of State Budgets

	Sales Tax Rate	State Budget (\$ '000)	General Sales Tax Revenue (\$ '000)	as % of State Budget
Alaska	0.00%	15,874,933	0	0.00%
Florida	6.00%	67,717,478	21,518,100	31.78%
New Hampshire	0.00%	5,707,224	0	0.00%
Nevada	6.90%	9,398,457	3,077,433	32.74%
South Dakota	4.00%	3,426,159	732,438	21.38%
Tennessee	7.00%	25,178,170	6,832,948	27.14%
Texas	6.25%	98,974,974	21,668,972	21.89%
Washington	6.50%	32,272,827	11,344,622	35.15%
Wyoming	4.00%	5,624,350	981,198	17.45%

Secondly, Mr. Ellinger said he reviewed the estimated effective sales tax bases in all no-income tax states and compared them to the size of their economies to determine how broad or narrow the estimated tax base is compared to those states. Again, Mr. Ellinger said he uses data collected by the US Census Bureau^{1,2,3} on state and local governments combined with information from the individual states' departments of revenue.^{4,5,6,7,8,9} Under the measure the estimated sales tax base in FY2010 of \$111,294 million is equal to 45.61% of the Missouri's gross state product (\$244,016 million) as reported by the US Bureau of Economic Analysis.

The estimated tax base as a percentage of GSP of 45.61% in FY2010 falls within the range of other no-income tax states. These range from 33.72% in Nevada to 63.03% in Wyoming. The data is summarized below.

Projected FY2010 Sales Tax Base under the measure: \$ 111,294 million.

FY2010 Missouri Gross State Product: \$ 244,016 million.

Projected sales tax base as % of gross state product in FY2010: 45.61%

Sales Taxes as % of Gross State Products

	Sales Tax Rate	Gross State Product (\$ '000)	General Sales Tax Revenue (\$ '000)	Effective Sales Tax Base (\$ '000)	as % of GSP
Alaska	0.00%	49,186,000	N/A	N/A	N/A
Florida	6.00%	747,770,000	21,518,100	358,635,000	47.96%
New Hampshire	0.00%	58,780,000	N/A	N/A	N/A
Nevada	6.90%	132,270,000	3,077,433	44,600,478	33.72%
South Dakota	4.00%	38,293,000	732,438	18,310,950	47.82%
Tennessee	7.00%	247,796,000	6,832,948	97,613,543	39.39%
Texas	6.25%	1,202,104,000	21,668,972	346,703,552	28.84%
Washington	6.50%	334,477,000	11,344,622	174,532,646	52.18%
Wyoming	4.00%	38,917,000	981,198	24,529,950	63.03%

[1] <http://www.census.gov/govs/estimate/>

- [2] <http://www2.census.gov/govs/estimate/08slsstab1a.xls>
[3] <http://www2.census.gov/govs/estimate/08slsstab1b.xls>
[4] http://dor.myflorida.com/dor/taxes/sales_tax.html
[5] <http://tax.state.nv.us/pubs.htm>
[6] <http://www.state.sd.us/drr2/business/st/salestax.htm>
[7] <http://www.window.state.tx.us/taxinfo/sales/>
[8] http://dor.wa.gov/docs/forms/ExcsTx/LocSalUseTx/LocalSlUseFlyer_Quarterly.pdf
[9] <http://revenue.state.wy.us/portalvbvs/desktopdefault.aspx?tabindex=3&tabid=10>
[10] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

Missouri's State Income Tax Relative to Total Budget

The simplest way of thinking about what is needed to eliminate Missouri's state income tax is to look at what amount of revenue the state income tax contributes to total state spending. The revenue from the state income tax that is relevant is revenue net of tax refunds. Secondly, since the measure intends to maintain the Senior Property Tax Credit (PTC), this tax expenditure must be considered. In FY2010, net personal income taxes collected were \$4,315 million while the PTC was \$119 million for a combined total of \$4,434 million. To put this in perspective, total state spending in FY2010 was \$22,661 million. Therefore, the total amount of revenue that would need to be replaced in FY2010 was 19.57% of the state budget.^{1,2,3,4,5}

Conceptually, additional new revenue in the measure comes from three sources (1) raising the sales tax rate from 4.225% to 7% (an increase of 2.775%) on the existing tax base; (2) establishing a 7% tax rate on an expanded sales tax base; (3) establishing a 5.5% tax rate on food sales (less SNAP purchases). In calendar year 2010, these new revenues would have amounted to \$1,656 million, \$3,058 million and \$437 million from sources 1, 2 and 3 respectively.

Mr. Ellinger said he has performed a similar analysis for the years 2005 through 2010 with the data summarized below. Please note that this analysis is presented as only one possible way to conceptualize the replacement of the state income tax. The analysis in the table below is applied retroactively and does not adjust for the overlap of calendar years and fiscal years. A more complete analysis along with forward looking projections is presented in the next section.

Increase in GR sales tax rate on existing base	2.775%				
GR sales tax rate on expanded sales tax base	7.000%				
GR sales tax rate on food	5.500%				
Years, nominal dollars	2006	2007	2008	2009	2010
Projected Sales Tax Base	105,657	109,956	112,750	108,868	111,294
Current GR Sales Tax Base	63,687	65,573	65,792	62,740	59,673
Estimated Food Sales less food stamp purchases	7,545	7,251	7,793	7,416	7,941
Expanded Sales Tax Base	34,425	37,132	39,165	38,712	43,680

Net Personal Income Tax	4,483	4,824	5,110	4,757	4,315
Senior Property Tax Credit	96	93	100	119	119
Total	4,579	4,917	5,210	4,876	4,434
Revenue from increase rate on existing base	1,767	1,820	1,826	1,741	1,656
Revenue from expanding sales tax base	2,410	2,599	2,742	2,710	3,058
Revenue from food sales tax (reduced rate)	415	399	429	408	437
Total	4,592	4,818	4,996	4,859	5,150
Total State Expenditures	\$19,197	\$20,048	\$20,608	\$22,197	\$22,661
Estimated surplus (shortfall) resulting from the measure	\$13	(\$99)	(\$214)	(\$17)	\$716
<i>as % of state expenditures</i>	0.068%	-0.495%	-1.039%	-0.078%	3.161%

[1] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

[2] http://oa.mo.gov/bp/budg2011/Budget_Summary.pdf

[3] http://oa.mo.gov/bp/budg2010/Budget_Summary.pdf

[4] http://oa.mo.gov/bp/budg2009/Budget_Summary.pdf

[5] http://oa.mo.gov/bp/budg2008/Budget_Summary.pdf

Projected Fiscal Impact

Mr. Ellinger said he first estimates future tax revenue if the measure is not adopted, labeling this the baseline case. In estimating the fiscal impact of the measure, Mr. Ellinger said he presents four scenarios. The expected scenario assumes no dynamic effects of the measure on economic growth. The three scenarios that follow estimate the fiscal impact of faster economic growth that is expected to result, should the measure be approved.

Mr. Ellinger said this analysis examines the potential impact of internet commerce eroding the future tax base. The inability of states to tax sales from out-of-state vendors due to the U.S. Constitution's Commerce Clause was established in 1967 by the Supreme Court case of *National Bellas Hess v. Illinois*¹ and later extended in 1992 by *Quill Corp. v. North Dakota*.² The rising importance of e-commerce, the loss of sales tax revenues and competitive disadvantages faced by brick-and-mortar retailers have led to legislative actions to address the issue of tax evasion due to unreported tax from internet sales. Legislation recently signed into law in California and Illinois is just one example of the attempts being made to collect taxes from online sales. While a federal solution overturning *Quill Corp. v. North Dakota* would be the simplest way to stop future tax base erosion due to internet sales, Mr. Ellinger said he believes a variety of state measures, agreements between states and increased enforcement will limit future sales tax losses due to the internet sales.

A widely cited study "State and Local Government Sales Tax Revenue Losses from Electronic Commerce" by the University of Tennessee³ estimates revenues lost by each state due to tax evasion on internet purchases. The study finds loss rates ranging from

0.87% to 5.55% of state revenues due to internet sales with a high degree of variation between states. The study also does not find a positive relationship between losses due to internet sales and states with no income tax. In fact, the average revenue loss estimated by the study for the no income tax states was 3.28% vs. 3.83% for all states in the study. While tax evasion related to internet sales is an important issue, it does not appear to be related to not having a state income tax. Despite losing revenue to internet sales, no-income tax states are outperforming Missouri economically and are able to provide adequate state services to their citizens. While the belief is that e-commerce will grow, a variety of measures ranging from the streamlined sales tax, to changes at the federal level can limit the losses in state tax revenues in the future.

In estimating the fiscal impact of the proposed constitutional amendment Mr. Ellinger said he uses 10-year averages for the growth of Missouri's gross state product (GSP), net tax collections as a percentage of GSP and the 10-year average tax base under the measure as percentage of GSP. The assumptions, calculated using data from 2001 to 2010 are summarized below. The expected scenario analysis does not incorporate any projected increase in the rate of economic growth should the measure be adopted. The averages used in the analysis do vary from year to year and are slightly correlated with the economic cycle. They do not however appear to be persistently trending in one direction, increasing the confidence that they are reasonable assumptions to use when estimating the future fiscal impact.

Long term Missouri GSP growth rate (nominal)	3.03%
Net Personal income tax as % of GSP	1.94%
Sales Taxes (GR, Education, Conservation, P/S) as % of GSP	1.23%
Estimated tax base under the measure as % of GSP	46.63%

An alternative, commonly used method of forecasting involves using regression analysis to estimate the relationship between changes in state tax collections and state personal income. Economists forecast the growth in state personal income and then estimate revenues based on the regression models. However, in the analysis of the data for the past 10 years, Mr. Ellinger said he did not find a relationship between changes in Missouri's tax collections and personal income growth that was significant at the 0.05 level. An analysis of a longer term time series may result in estimating a satisfactory model linking personal income changes to tax revenue changes, however using a longer time series would require adjusting tax revenues to changes in state laws to isolate revenue growth resulting from policy changes versus that which resulted from personal income changes. This more complex analysis is not included in this document.

Using long term averages neglects the impact of the business cycle on changes in tax collections leading to overestimating tax revenues from sources with a below average sensitivity to GSP changes while underestimating those that have above average sensitivity. However, given the state's ability, expressly stated in the Constitution, to smooth out revenue changes over time using the state's Rainy Day Fund as well as the difficulties of accurately forecasting future changes in the business cycle, Mr. Ellinger said he believes that forecasting of the fiscal impact of the measure using 10-year averages is the most prudent approach.

Baseline scenario

All numbers in thousands of nominal dollars		<u>Forecast</u>			
Calendar Years	2010	2011	2012	2013	2014
MO GSP	\$244,016,000	\$251,409,685	\$259,027,398	\$266,875,928	\$274,962,269
Net Personal income tax	\$4,733,910	\$4,877,348	\$5,025,132	\$5,177,393	\$5,334,268
Sales taxes	\$3,001,397	\$3,092,339	\$3,186,037	\$3,282,574	\$3,382,036
Senior property tax credit	\$119	\$119	\$119	\$119	\$119
Total	\$7,735,426	\$7,969,806	\$8,211,288	\$8,460,086	\$8,716,423

Expected scenario

Under the measure, if approved, on Jan 1st. 2014, income tax rates would be reduced by 50%, while the sales tax would be broadened and increased to 5%. On Jan 1st. 2016, income tax rate would be reduced to 0%, while the sales tax rate would be increased to 7%. The measure requires the Department of Revenue to recalculate local sales tax rates given the new tax base to generate the same amount of revenue for the local governments. Therefore, Mr. Ellinger said he assumes no impact on local governments in all of the scenarios.

All numbers in	2013	2014
thousands of nominal dollars		
Estimated sales tax base	\$124,444,245	\$128,214,906
Sales tax rate		5%
Net Personal income tax under the measure		\$2,667,134
Sales tax revenue under the measure		\$6,410,745
Total		\$9,077,879
Baseline scenario		\$8,716,423
Difference		\$361,456

FY2014 covers only Q1 + Q2 of CY2014

FY2013	FY2014
\$ ZERO IMPACT -	\$180,728.19

Under the expected scenario, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$180,728,190 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$360,456,380 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

[1] <http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=US&vol=386&invol=753>

[2] <http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=US&vol=504&invol=298>

[3] <http://cber.bus.utk.edu/ecommm/ecom0409.pdf>

Additional scenarios

Mr. Ellinger said he constructed three additional scenarios to analyze some likely dynamic effects of the measure. The three scenarios evaluate the impact of increased rates of economic growth on the fiscal position of the state.

In constructing the three additional scenarios evaluating increased rates of economic growth expected to result if the measure is adopted, Mr. Ellinger uses the relative growth rates of Missouri's economy as compared to the economies of no-income tax states. The first of the three scenarios uses a modest 0.25% increase in growth rate; the second evaluates what would happen if Missouri's growth rate increased to that of Tennessee (an increase of 0.643%), while the final scenario looks at what would happen if Missouri's growth rate converged to the average no-income-tax state (an increase of 2.085%). While the income tax under the proposal would be phased out, Mr. Ellinger said he believes the once the measure is approved by voters, economic growth rates should increase immediately because of the forward looking nature of investment and capital budgeting by businesses.

Scenario 2

Under this scenario the growth rate of Missouri's economy is increased by 0.25% per year.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	0.25%	0.25%
0.25% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 267,523,497	\$ 276,298,268
Estimated sales tax base	\$ 124,746,207	\$ 128,837,882
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,680,093
Sales tax revenue under the proposal		\$6,441,894
Total		\$9,121,987
Baseline scenario		\$8,679,259
Difference		\$442,728

FY2014 covers only Q1 + Q2 of CY2014

FY2013
\$ ZERO IMPACT-

FY2014
\$221,364.15

Under scenario 2, Mr. Ellinger said he estimate no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$221,364,150 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$442,728,300 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario 3

Under this scenario the growth rate of Missouri's economy is increased by 0.643% per year, matching the experience of Tennessee during the past ten years.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	0.643%	0.643%
0.643% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 268,542,033	\$ 278,406,161
Estimated sales tax base	\$ 125,221,150	\$ 129,820,793
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,700,540
Sales tax revenue under the proposal		\$6,491,040
Total		\$9,191,579
Baseline scenario		\$8,679,259
Difference		\$512,320

FY2014 covers only Q1 + Q2 of CY2014

	FY2013	FY2014
\$	ZERO IMPACT -	\$256,160.20

Under scenario 3, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$256,160,200 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of

\$512,320,400 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario 4

Under this scenario the growth rate of Missouri's economy is increased by 2.085% per year, matching the experience of the average no-income tax state during the past ten years.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	2.085%	2.085%
2.085% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 272,275,624	\$ 286,201,445
Estimated sales tax base	\$ 126,962,124	\$ 133,455,734
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,776,154
Sales tax revenue under the proposal		\$6,672,787
Total		\$9,448,941
Baseline scenario		\$8,679,259
Difference		\$769,682

FY2014 covers only Q1 + Q2 of CY2014

FY2013	FY2014
\$ ZERO IMPACT -	\$384,840.85

Under scenario 4, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$384,840,850 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$769,681,700 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario summary

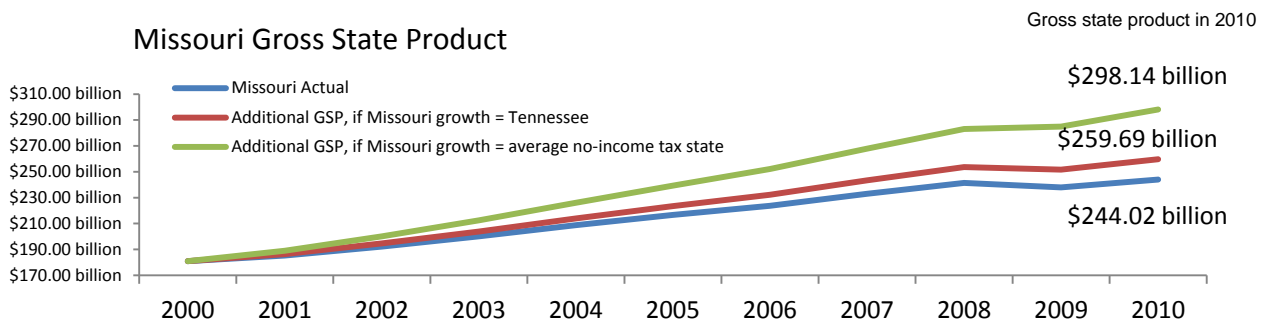
	FY2014 impact, thousands	FY2014 impact, thousands vs. expected scenario
Expected scenario	\$180,728.19	\$ N/A
Increased growth rate by 0.25%	\$221,364.15	\$40,635.96
Increased growth rate, match TN	\$256,160.20	\$75,432.01
Increased growth rate, match no-income tax state average	\$384,840.85	\$204,112.66

Appendix – Economic Performance of No-Income Tax States

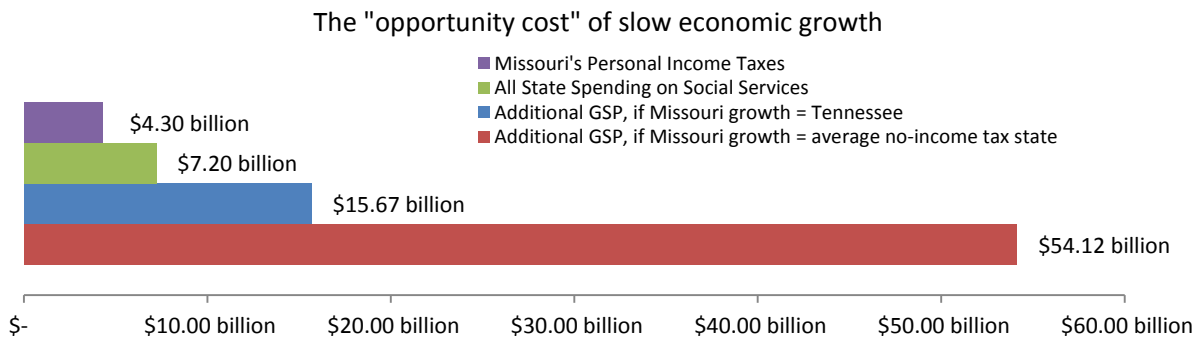
During the time period 2000-2010, Missouri's economic growth ranked 48th amongst all state according to the U.S. Bureau of Economic Analysis,¹ with only Michigan and Ohio performing worse. Missouri's slow economic growth is not a temporary phenomenon. In every decade since the data has been collected by the BEA, Missouri has grown significantly slower than neighboring Tennessee.

Nominal GDP Growth Rank	1970s	1980s	1990s	2000s	1963-2010
Missouri	43	42	29	48	43
Tennessee	25	32	14	36	20

Poor economic performance compounds over time, making what at first appears small add up to billions of dollars of lost potential income and government revenue. If Missouri's growth rate matched Tennessee's over the past decade, Missouri's economy would have been significantly bigger today. Given some of Missouri's advantages over Tennessee such as a more highly educated workforce, Mr. Ellinger said he believes Missouri's growth rate could be even higher and potentially match that of the average no-income tax state. The chart below depicts what would have happened to Missouri's Gross State Product under the aforementioned growth rates.



If Missouri's economic growth matched that of Tennessee, our economy and state budget would have been \$15.67 billion and \$1.46 billion larger, respectively. If Missouri's economic growth matched that of the average no-income tax state, our economy and state budget would have been \$54.12 billion and \$5.03 billion larger, respectively. For comparison, in FY2010, all state spending on social services totaled \$7.2 billion, while all personal income tax collected totaled only \$4.3 billion². In the calculations Mr. Ellinger said he assumes no change in the size of government relative to the size of the economy (currently 9.3%).

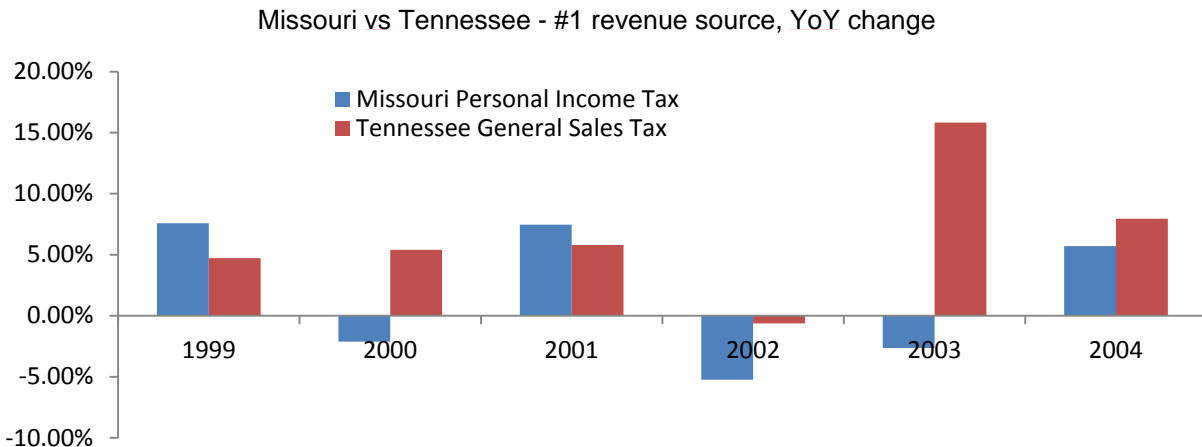
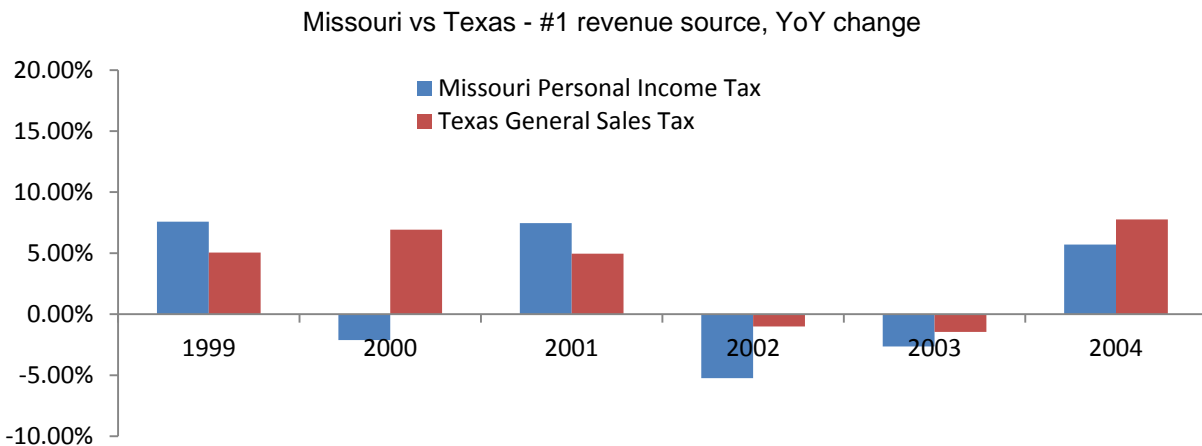


[1] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1>

[2] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

Appendix – Revenue Volatility

The modeling projects that if approved, Missouri's revenue volatility (defined as standard deviation) would decline by two-thirds as compared to the actual collections over the 2001 to 2010 time period. The experience of other states such as Texas and Tennessee which rely primarily on state sales taxes corroborates the modeling. The following charts depict year-over-year changes in revenue by source, comparing Missouri's personal income tax to the general sales tax in Texas and Tennessee respectively. The data has been collected from the U.S. Census Bureau.^{1,2,3} In both cases, during the 2001-2002 recessions, the declines in revenue collections have been significantly smaller for sales taxes than for Missouri's income tax. The latest data available is for FY2008.



[1] <http://www.census.gov/govs/estimate/>

[2] <http://www2.census.gov/govs/estimate/08slsstab1a.xls>

[3] <http://www2.census.gov/govs/estimate/08slsstab1b.xls>

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Public Safety**, the **Department of Social Services**, the **Missouri Senate**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of St. Joseph**, the **City of Springfield**, the **City of Union**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and the **St. Louis Community College**.

Fiscal Note Summary

Annual state government revenue under this proposal may increase by up to \$300 million, or decrease by up to \$1.5 billion. The proposal is estimated to increase state operating costs by at least \$15 million, and may accelerate tax credit redemptions. The fiscal impact to local governments is unknown.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-63)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received September 6, 2011)

Date

September 26, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

The Coalition for Missouri's Future provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal creates no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated they defer their response to the Office of Administration and/or the Department of Revenue regarding the estimate of fiscal impact.

Officials from the **Department of Economic Development (DED)** said their response to 11-63 and 11-64 is the same as their response to IP 11-58 and IP 11-59. They indicated this proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual effective January 1, 2014, and eliminates the power of the General Assembly to enact such taxes on or after January 1, 2016. Between January 1, 2014 and January 1, 2016, the repealed taxes are to be replaced with a sales tax of up to five percent on the purchase of goods and services other than food and up to four percent on the purchase of food. On or after January 1, 2016, the rates may not exceed seven percent and five and one-half percent, respectively. The proposal exempts from the new sales tax numerous enumerated goods and services.

As pertains to the Department of Economic Development, this proposal would impact existing tax credit and economic development programs utilizing the taxes repealed under this proposal.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. DED administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed.

The Department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by restricting the taxes against which such tax credits can be redeemed. DED assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. DED also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's effective date because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is a potential for litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund projects previously approved under these programs are state income-tax based, this proposal would jeopardize the financing for such projects by repealing the taxes generating the revenues necessary to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by the state income taxes that would be repealed under this proposal, which could result in the relevant local entity defaulting on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds could negatively impact not only the specific local entity but also the overall municipal bond market.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local development projects. The department will defer to the Department of Revenue for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Elementary and Secondary Education** indicated:

A sales tax high enough to replace the income tax might be detrimental to small businesses. The proposal replaces income tax with a sales and use tax. The language states that the revenue will not be adversely affected. Based on this assumption, the state school foundation formula would not be negatively impacted fiscally. However, the impact of an increased sales tax on purchases within the state is unknown. We defer to DOR in that regard.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated they assume that small businesses will be required to collect this tax, and goods and services sold by small businesses will be more heavily taxed. The impact on small businesses is unknown.

The Home Delivered Meals Trust Fund, which funds some home delivered meals for eligible Missouri seniors, receives revenues from a check-box on Missouri income tax forms. As a result of the elimination of income tax in Missouri, and the forms to file those tax returns, there will not be an opportunity for Missourians to donate to the Home Delivered Meals Trust via the check-box donation. The check-box is not the only source of revenue for this fund, but there may be a reduction in the amount of revenue collected.

There may be a reduction in the amount of revenue deposited to the Home Delivered Meals Trust Fund, and consequently, a reduction in the amount expended for home delivered meals. This is not the only source of funding for home delivered meals, therefore the impact will not be significant.

Elimination of the tax credit to make a principle dwelling accessible for an individual with a disability and the Shared Care tax credit could result in an increased number of individuals utilizing Medicaid-funded long-term care services, by either entering a nursing facility or utilizing Home and Community-Based Services.

Section 1(b)(1) of the proposed initiative petition repeals "Any law enacted by the General Assembly that imposes a tax for state purposes that is on or measured by income or earnings...." The Home Delivered Meals Trust Fund, which funds some home delivered meals for eligible Missouri seniors, receives revenues from a check-box on Missouri income tax forms. As a result of the elimination of income tax in Missouri, and the forms to file those tax returns, there will not be an opportunity for Missourians to donate to the Home Delivered Meals Trust via the check-box donation. A total of \$69,026 was collected in FY 2009, \$59,504 in FY 2010, and \$56,336 in FY 2011. Using a three-year average of collections, DHSS assumes an unknown reduction in revenue, up to \$61,622 $[(69,026 + 59,504 + 56,336)/3]$ in the Home Delivered Meals Trust Fund. Since there is also revenue from civil monetary penalties deposited in this fund, the department does not anticipate any significant decrease in the number of home delivered meals distributed to eligible Missouri seniors. Since the changes to the tax structure will not go into effect until calendar year 2014, DHSS assumes this funding would not be impacted until FY 2015.

The proposed initiative petition does not address tax credits, with the exception of Property Tax Relief and Homestead. Therefore DHSS is not able to determine how this would affect the Shared Care tax credit established within the department.

Repealing the Missouri income tax and replacing with a sale and use tax may affect the amount of revenue collected and deposited in the General Revenue Fund. The department defers to the Office of Administration regarding the overall impact this would have to the state.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to the department.

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** provided the following comments.

Section 1(a), (b) and (c) of the proposed Initiative Petition 11-63 would appear to limit the taxing power on income or earnings exercised by the Missouri General Assembly for state purposes, and by counties and other political subdivisions.

For tax years beginning on or after January 1, 2014, Section 1(d) of Initiative Petition 11-63 appears to repeal all sales and use taxes and exemptions, except taxes on alcohol, aviation fuel, insurance products, tobacco, and any taxes imposed by Article IV, Sections 43(a) and 47(a), or any taxes provided for by Article IV, Section 30(a), and exemptions thereto.

The Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Section 47(a) of the Missouri Constitution.

It appears Section 1(d) of Initiative Petition 11-63 would allow for the conservation sales tax, the soil and parks sales tax and the motor vehicle fuel tax to remain unchanged. If that is the intent, then for purposes of this fiscal note, the department would not anticipate a direct fiscal impact from this provision.

If that is not the intent of this proposal and the department's parks and soils sales tax is eliminated as a result of this proposal, then there would be a significant fiscal impact to the department. Funding would have to be sought to replace the monies currently collected from the department's sales and use tax pursuant to Section 47(a) of the Missouri Constitution. The department assumes the Department of Revenue would be better able to estimate the potential fiscal impact.

This proposal would also appear to change sales tax exemptions. Currently, the State of Missouri is a tax-exempt entity. It is unclear how this would affect the department. If the department is required as a result of this proposal to pay the newly created sales tax on all goods and services, then there could be a significant unknown fiscal impact to the department. Each state agency's operating budget could increase substantially. The department assumes the Office of Administration would be better able to estimate the amount of fiscal impact from this provision for each department.

Effective January 1, 2014, Section 1(h) would set the tax levied under Sections 43(a) and 47(a) at the new rate established Section 1(c). It appears that the intent of is to allow for the conservation sales tax and the soil and parks sales tax to be recalculated to produce substantially the same amount of revenue for the 2015 as the amount received on average annually in fiscal years 2008-2012. However, on and after January 1, 2016 the sum of the conservation sales tax, the soil and parks sales tax and the new sales tax rate established in Section 1(c) could not exceed 7%. If that is the intent, then for purposes of

this fiscal note, the department would not anticipate a direct fiscal impact from this provision.

If that is not the intent of this proposal and the department's parks and soils sales tax is eliminated as a result of this proposal, then there would be a significant fiscal impact to the department. Funding would have to be sought to replace the monies currently collected from the department's sales and use tax pursuant to Section 47(a) of the Missouri Constitution. The department assumes the Department of Revenue would be better able to estimate the potential fiscal impact. It should also be noted that the average revenue received for the conservation sales tax and the soil and parks sales tax received in fiscal years 2008-2012 might not reflect an adequate picture of those revenue streams due to economic downturn during that period.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$130,790 for fiscal year 2013, \$16,355,431 for fiscal year 2014, and \$12,811,587 in fiscal year 2015.

This Initiative Petition will have an Information Technology impact of \$35,616. The value of the level of effort is calculated on 1,344 FTE hours.

This Initiative Petition will have the following staffing impact:

Sales Tax:

- This legislation will have a significantly larger impact on the department if the department is required to collect the tax from the person consuming, using or storing the tangible personal property or taxable service.

Personal Tax:

- For FY 13– Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 16- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 17– Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax. For the last six months of FY 17 Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.
- For FY 18- PT will retain 81% of the existing staff (108 out of 134) for processing returns, amended returns, and outstanding collections.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.

Collections and Tax Assistance (CATA):

- Including services as a taxable product will greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
- FY13 - No impact
- FY14 - Based on the assumption that the number of businesses will double, CATA will need an additional 150 temporary employees. Training will begin in October of 2013.
- FY17 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income and withholding staff requirements.

Withholding Tax:

- For FY 13– Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14- Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15- Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 16- Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) to continue the processing and collection duties of withholding tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in the business tax area on a one-to-one basis.
- For FY 17- Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) to continue the processing and collection duties of withholding tax.

Sales Tax:

- The department must recalculate local sales tax rates and publish those rates by September 1, 2013. It will need to hire an economist in fiscal year 2013 to begin working on the adjusted rates.
 - One (1) Economist (Range 30, Step Q) to perform rate calculations per Section 1(i)
- The following impact is based upon the assumption that the workload for sales/use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., business tax will need an additional 92 temporary employees for sales/use tax.
- The department assumes that the new sales tax would go into effect January 1, 2014, and current staff responsible for withholding tax and personal tax will not be available for reallocation until fiscal years 2016 and 2017. Even then, it may be only a fraction of the employees. Therefore, temporary staff will be needed until the current staff can be reallocated.

- FY 12 – No impact
 - FY 13 – No impact
 - FY14 – Business tax will need 92 temporary employees. Training will begin in October of 2013. These would be temporary employees who receive no benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. In order to conduct approximately 4,700 sales and use tax audits, it will be necessary to double our audit enforcement staff. This will require additional instate and out of state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions will increase Field Compliance to 320 positions and a payroll of approximately \$14 million.
- Each in state and out of state facility will need to be moved to accommodate the increase in personnel. The estimated cost for this will double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal Services:

- For FY 12 No impact
- For FY 13 No impact
- For FY14 - Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

DOR officials provided the following comments and concerns on this initiative petition:

Eliminating the income tax would not "eliminate" the filing of returns. Individual income tax filers will file their 2015 calendar year returns after January 1, 2016. Individuals would continue to file amended returns for years to come and the department will continue collection methods on under reported and non-filed periods ending prior to January 1, 2016.

The department is not clear whether the state would have the authority to require sellers to collect the new sales tax. The legislation does not have similar language to the current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does. Changing the collecting and remitting responsibility from sellers to purchasers would dramatically reduce the percentage of tax that the department is able to collect.

The proposal repeals individual income tax as of January 1, 2016. Because there would be no individual income tax filing requirements for tax years beginning January 1, 2016,

this would prevent individuals from redeeming credits that have been carried forward to tax years 2016 and beyond.

Without further action by the general assembly, most local taxing jurisdiction's sales taxes could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.

When the individual income tax is eliminated, the department will not have access to individual income tax information from the IRS to identify individuals that did not file or that underreported income in years before 2016, and will not be able to use IRS information to validate property tax credit claims or as a collection tool.

When the individual income tax is eliminated, the department will not be able to participate in the treasury offset program, and may lose millions of dollars each year in offsets.

Section 1(a) Income-based taxes are phased out and tax is to be collected at a rate of 7% to offset the revenue loss.

Section 1(b) The tax measured on the income or earnings of individual is repealed as of January 1, 2014, except as provided in Section 1(c), which establishes a tax on income of not more than three percent. It is not clear if the tax rate is the only component of the current tax on individuals that is repealed, or if all other modifications, deductions, an exemptions provided to individuals under Chapter 143 are also repealed.

Section 1(c) The general assembly shall enact new property tax relief no later than January 1, 2016, beginning in January 1, 2012. It is not clear if this is intended to be a retroactive relief in addition to the existing property tax credit. This provision should be clarified.

Section 1(d) The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state's rights with respect to such taxes.

Section 1(e) Various rates are established in this subsection, but the tax base is left undefined. There is no provision that defines the retail sale price or purchase price, and that the tax would be imposed on that amount. There is no empirical basis to suggest the increase in the sales tax rate to 7% will offset the loss in individual income tax revenue.

Section 1(f)

(6) The term "pharmaceuticals" is vague and will generate litigation. This appears to tax any reimbursement of pharmaceuticals and medical services or those pharmaceuticals or medical services that could be recouped by insurance companies, but may not be. This will cause added confusion for pharmacies and other medical

services providers about when tax should or should not be imposed. Many pharmacies have indicated they are not able to collect sales tax from insurance companies.

(8) The term "tuition and fees . . . for educational services" is vague and will generate litigation. The term appears not to exempt from tax some fees paid to universities, such as recreational center fees.

(10) The department recommends defining the term "consolidated earnings."

(11) The terms "agricultural trade" and "agricultural business purposes" are vague and will generate litigation. This exemption is broader than just exempting farmers from sales and use tax, as it includes all related industries, including potentially industries such as meatpacking and agricultural shipping.

(12) "Sales of materials...not for resale or leasing" is vague and will generate litigation. The Department of Revenue is currently involved in litigation regarding a similarly worded current tax exemption. The exemption has been broadly construed by the Supreme Court.

(13) This exemption is very broad and will generate litigation.

(14) "Other similar intangible personal property" is vague and will generate litigation. The term may include complicated investment tools such as credit default swaps, mortgage-backed securities, foreign currency swaps, forward rate agreements, and other financial instruments generally not purchased by those most affected by the tax proposed in the amendment.

(15) "Held exclusively for investment purposes" is vague and will generate litigation.

(19) This exempts the purchase of any tangible personal property by a common carrier in interstate air transport even if the TPP is not used in interstate air transport.

Section 1(j) This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission (ACH). In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petition does not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not entitled to an exemption or credit. Instead, a taxpayer could just claim a credit, but would not be responsible for actually proving it was entitled to it.

Officials from the **Department of Public Safety** indicated they assume that this initiative petition will have no direct fiscal impact on their department. To the extent that the result of this initiative, if approved by the voters, results in less General Revenue for the State of Missouri, then there may be a negative fiscal impact to the department in that the budget for the department may be reduced as a result of lower revenues.

Officials from the **Department of Social Services** said they are not in a position to determine the net effect of these tax changes. They provided the following comments:

Income and Sales Tax Provisions – Sections 1(a) through 1(j)

This initiative petition proposes major changes in the state tax structure. The income tax will be eliminated in 2016, causing a greater reliance on sales tax to fund general revenue. The Department of Social Services is not in a position to estimate the net gain or loss to state revenues. If there is a net loss of revenue, the Department of Social Services could be affected. However, the actual impact to the Department of Social Services would depend on how the General Assembly chooses to allocate the total amount of funds available to the state through the appropriations process. The Department of Social Services cannot determine the ultimate fiscal impact to the state or to the department of these tax changes.

Property Tax Provisions – Sections 6(a).1 and 6(a).2

There is a potential for growth to the Blind Pension Fund in the future due to Section 6(a).1. If property tax assessments increase by more than 5% in a general reassessment year, or 2.5% at any other time, certain homeowners will have their property tax assessments reduced. The property owner would see a reduction of 50% on their property taxes for any amount that exceeds the 5% (or 2.5%) threshold based on assessed value. The state is required to reimburse the local government for 75% of the lost property tax revenue. At a minimum, the Blind Pension Fund would lose its share of the 25% of the lost property tax revenue. Since there is no stipulation on how the local government can spend the 75% reimbursement it receives from the state, the Blind Pension Fund could lose its share of the levy on that part of the assessed value as well. DFAS and R & E estimate that the Blind Pension Fund would lose a minimum of .375¢ to a maximum of 1.5¢ for every \$100 that assessed values exceed the thresholds. DSS cannot estimate the total amount lost in the future because the amount is dependent upon assessment practices throughout the state.

Section 6(b).2 allows the general assembly to provide additional property tax relief to homeowners by exempting some portion of a homestead from the payment of taxes. Since this provision is permissive, the ultimate fiscal impact is unknown. However, if such a law is adopted by the General Assembly, it must provide for restitution to the respective political subdivisions of lost revenues.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. The department's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1(d) of both proposals would appear to leave intact such sales tax. However, the provisions contained in Section 1(h) of both proposals would require the tax levied under Section 43(a) (as well as Section 47(a)) of Article IV to be recalculated and adjusted to provide an amount of revenue for each fiscal year substantially equal to the amount received on average annually in fiscal years 2008-2012. Consequently, it appears that both proposals would have an impact on department funds, but the extent and nature of the impact is unknown at this time.

Officials from the **Department of Transportation** indicated:

Constitutional amendment replaces all income tax with a 7% sales and use tax on new, tangible personal property and services with proceeds deposited into the General Revenue Fund; except for the proceeds from the 7% sales and use tax on new motor vehicles (MVs) which shall be deposited into MoDOT funds pursuant to article IV, §30(b) Missouri Constitution. Effective date is 1/1/2014 with a sales tax rate of 5% phased-in to 7% on 1/1/2016.

Based on FY2011 MV sales and use tax revenue with annual growth rates ranging from 2% to 3%. Also, new car sales will decrease due to removing the tax requirement on used cars. Assumes a trade-in allowance reduces the tax burden.

Loss of current sales and use tax revenue from the sale of both new and used MVs. Replaced with a new 7% MV sales and use tax imposed only on the sale of new MVs.

Fiscal Year
(In Millions)

Negative impact from repeal of the current sales and use tax revenue imposed on the sale of new and used MVs:

<u>Entities/Funds</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
MoDOT - State Road Fund	(83)	(171)	(174)	(174)
MoDOT - State Road Bond Fund	(52)	(106)	(109)	(109)
MoDOT - State Transportation Fund	(1)	(3)	(3)	(3)

Cities	(11)	(23)	(24)	(24)
Counties	(7)	(15)	(16)	(16)
DOR - Cost of Collection	(5)	(10)	(10)	(10)
Total	(\$160)	(\$328)	(\$335)	(\$335)

Positive impact from new 7% sales and use tax imposed on the sale of new MVs:

MoDOT - State Road Fund	41	84	104	124
MoDOT - State Road Bond Fund	26	53	65	77
MoDOT - State Transportation Fund	1	1	2	2
Cities	7	13	33	31
Counties	4	9	22	21
DOR - Cost of Collection	2	5	7	8
Total	\$81	\$166	\$232	\$263

Total impact from IP:

MoDOT - State Road Fund	(42)	(87)	(70)	(50)
MoDOT - State Road Bond Fund	(26)	(53)	(44)	(32)
MoDOT - State Transportation Fund	-	(2)	(1)	(1)
Cities	(4)	(10)	9	7
Counties	(3)	(6)	6	5
DOR - Cost of Collection	(3)	(5)	(3)	(2)
Total	(\$78)	(\$163)	(\$103)	(\$73)

Officials from the **Office of Administration (OA)** indicated the proposed amendment to the Missouri Constitution should not result in additional costs or savings to their office should it be approved by the voters.

These proposals are very similar to proposals 11-58 and 11-59. The new proposals provide different definitions for exemptions of certain sales or services, particularly sales to manufacturers. These changes would not directly impact the analysis presented in our response to the previous proposals.

OA provided the following comments for 11-58 and 11-59

The proposals are identical, except that proposal 11-58 provides the General Assembly options for additional relief for seniors, as described later in this analysis.

The proposals:

1. Prohibit the General Assembly from levying an individual income tax beginning in 2016.
2. Cap the rate of individual income tax at 3% for the years 2014 and 2015.

3. Replace the existing sales tax for the General Revenue and School District Trust Funds with a new sales tax. The tax shall be on all tangible property and services, with the exemptions described below. The tax shall be no more than 5% (with food at 4%) in 2014. In 2016, the cumulative rate of this sales tax and the existing sales taxes for Conservation and DNR shall be no more than 7% (food at 5.5%), as described in Sections 1(e)1 and 1(h).
4. Provide that the combination of these rates and any local rate not directly approved by voters shall not exceed 10% (Section 1(i)4). It is unclear which local governments may be forced to absorb any shortfalls should the cumulative rate exceed 10% before it is adjusted.
5. Direct the General Assembly to provide a mechanism to replace the existing Property Tax Credit (Section 1(c)3).

Revenues from the state sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Section 1(e)2)
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit 1(c)3).
3. Conservation, Parks & Soils, and Motor Fuel Funds (Section 1(e)2).

This sales tax shall apply to all sales of goods or services, except the following exemptions:

- Sales and services exempted from the repeal in Section 1(d), including alcohol, fuel, insurance products, and tobacco;
- Previously taxed goods or services;
- Professional services, including accountants, architects, barbers, cosmetologists, embalmers, engineers, funeral directors, lawyers, or real estate agents.
- Sales, leases, or rents of real property;
- Domestic utilities;
- Unreimbursed individual medical costs;
- Child care services;
- Tuition and fees for elementary, secondary, vocational, or higher education;
- Services rendered by an employee for his employer; or to consolidate earnings;
- Property or services used in agricultural business;
- Manufacturing inputs;
- Construction, warehousing; computer, call center, and employment services;
- Stocks, bonds, or other intangible personal property;
- Certain properties held for investment;
- Insurance products and services;
- Railroad rolling stock, barges, and property purchased or stored by common carriers;
- Gambling sales or wagers;
- Sales to municipal governments, businesses, or charitable organizations, if the sales are for the furtherance of those organizations' purpose;
- Purchases made with food stamps;

- Purchases made through the federal women, infants, and children (WIC) program;
- Sales exempted by certain federal laws, or the U.S. or Missouri Constitutions;
- Any exemptions as approved by a two-thirds majority of the General Assembly and the Governor.

Estimating New Sales Tax Collections

The proposal calls for a cumulative 7% sales tax rate on a newly defined sales tax base.¹ However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access.

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US BEA's NIPA tables as reported by the BEA in August 2011,² excluding items that are non-taxable under federal law or under the proposal (such as higher education spending). BAP estimates that around 67.8% of individual health purchases are either not recouped or reimbursed by non-taxable public sources, based on US Dept. of Health and Human Services data from 2009.³ BAP estimates that an additional 2.3% of sales will be untaxed internet purchases, which is one-half the amount of internet purchases identified in recent data from the US Census Bureau.⁴ Finally, BAP estimates the loss due to explicit avoidance activities, such as traveling across state lines, as equal to the estimated loss due to internet sales. MO expenditures are assumed to be 1.77% of national expenditures, based on MO's portion of personal income in 2010 as reported by the BEA in August 2011.⁵

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal changes prices, via a new sales tax, for many products and services including but not limited to food for home consumption.

¹ Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate under certain conditions. Estimates from other groups, such as the Institute for Taxation and Economic Policy also suggest something greater than 11% is necessary. See for example: <http://www.showmeinstitute.org/publications/essay/taxes/479-income-taxes-vs-sales-taxes.html> ; or <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

² <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1>

³ http://www.cms.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp#TopOfPage

⁴ http://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf BAP uses the estimate of one-half in recognition that many internet sellers with nexus in Missouri currently remit sales taxes.

⁵ <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=3>

- According to US Census Bureau data, roughly two-thirds of MO's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption. There is evidence of this growth in the US Census data cited above.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families.
- This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$3.84 billion in state and local income taxes were deducted in tax year 2009.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

BAP estimates the consumption base in Table 1. At the rates codified in the proposal, this would generate just over \$5.99B in revenues.

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535,00.html>

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,245.5
Food for Home Consumption (added back at lower rate below)	2.4.5; 27	(659.4)
Net Used Motor Vehicles	2.4.5; 06	(112.4)
Motor Fuel	2.4.5; 36	(280.8)
Alcohol	2.4.5; 28	(106.6)
Tobacco	2.4.5; 44	(94.4)
Professional Services: Accountant	2.5.5; 123	(27.7)
Professional Services: Barber & Cosmetologist	2.5.5; 119	(191.1)
Professional Services: Funeral Director & Embalmer	2.5.5; 126	(19.0)
Professional Services: Lawyer	2.5.5; 122	(96.8)
Utilities	2.4.5; 55	(309.4)
Higher Education	2.4.5; 101	(154.9)
PK-12 Education	2.4.5; 102	(41.4)
Vocational Education	2.4.5; 103	(39.6)
Insurance Premiums	2.4.5; 90	(265.8)
Individual Healthcare (includes nursing homes), not recouped	2.5.5; 39, 43, 50	(1,354.6)
Gambling	2.5.5; 91	(96.6)
Free checking & other financial services	2.4.5; 088	(271.2)
Rental Value of owner-occupied housing	2.4.5; 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5; 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5; 064	(45.1)
Foreign travel by US citizens	2.4.5; 109	(115.4)
Foreign travel into US	2.4.5; 110	138.2
US taxable base		4,630.7
MO share 1.77%:		81.963
Assume 2.3% loss for internet purchases		(1.885)
Estimate loss for other avoidance activities		(1.885)
Taxable Base excluding Food		78.193
Revenues At 7% Rate		5,473,510,000
Food for Home Consumption (added back at lower rate below)	2.4.5; 27	659.4
Food Stamps (not taxable under federal law)	3.12; 021	(66.5)
Net Food Purchases		592.9
MO Share 1.77%		10.494
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Net Food Purchases		10.4
Revenues At 5% Rate		518,950,000
Total Proposed Sales Taxes		5,992,460,000

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. The table includes replacing the Conservation and Parks & Soils sales taxes, since they are to be included in the 7% cumulative rate. Finally, the table includes the replacement of existing motor vehicle sales taxes; which are directed to highway usage by Section 1(e)2 but also subject to the 7% cumulative rate.

⁷ Revenues are as reported in the SAMII Data Warehouse.

Table 2.

Sources by Fiscal Year	2011
Individual Taxes	5,641,731,318
Individual Refunds	(992,658,828)
Property Tax Credit Refunds	(114,887,118)
GR Sales and Use Taxes	1,809,696,986
Sales Tax Refunds	(49,873,488)
SDTF General Taxes	685,534,055
SDTF Motor Vehicle Taxes	66,256,367
Conservation Taxes	86,056,513
Conservation MV Taxes	9,761,825
Parks & Soils Taxes	68,844,490
Parks & Soils MV Taxes	7,809,470
Motor Vehicles Sales Taxes	181,307,337
Total	7,399,578,927
Circuit Breaker Replacement Program	114,887,118
Revenues to Be Replaced	7,514,466,045
Total Proposed Sales Taxes	5,992,460,000
Difference	(1,522,006,045)

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of over \$1.52B when compared to revenue collections in FY 2011. Collections in that year rebounded from FY 2010, but remain well below peak collections in FY 2008. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Property Tax Relief in Proposal 11-58

Section 6(a)1 provides that the General Assembly create a credit against property taxes for qualifying seniors. Those that qualify include those over age 65, with less than 75,000 in income, where their property tax liabilities grow at rates exceeding the specified limits, if the appraised value of that property does not exceed \$400,000. The credit shall be for 50% of the qualifying growth in taxes. The state shall reimburse the counties for 75% of lost revenues. However, any taxpayer that takes relief under this section cannot take the existing Property Tax Credit.

BAP notes that appropriations for the recently expired Homestead Preservation Credit were from \$94,000 to \$3M annually. The proposed program has similar guidelines, and may have similar costs for state and local governments.

Section 6(a)2 provides an additional Homestead Exemption, and the state shall reimburse the local governments for these costs. No additional guidance is given as to the details of this program, therefore, associated costs are unknown.

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2012.

FY 2012 General Revenue Budget (\$M)	
K-12 Education	2,627
Higher Ed Institutions	785
Scholarships	33
State Employee Health Care Plan	234
DMH/DHSS Programs	327
Medicaid	1,743
Corrections	595
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	323

Other Impacts

This proposal effectively eliminates all of the tax credit incentive programs in the state. This would encourage current holders of tax credits who would have otherwise redeemed their credits after 1/1/16 to claim redemptions in an earlier fiscal year. This would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system in transition that may already be inadequately funded. Additionally, the state could not honor existing agreements for "streaming" tax credits authorized to be issued after 2016, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. The sales tax rate would be zero on used vehicles, significantly reducing revenues available to MoDOT. This would create a strong incentive for consumers to forgo purchases of new vehicles, which would further

adversely impact funding for road construction and maintenance. MoDOT can provide a fuller discussion of such issues.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Eliminating income taxes could include elimination of the Non-resident Athletes and Entertainers tax and subsequent disbursement of funds to public libraries and other "cultural partners" as authorized in RSMO 143.183. Based on current revenue estimates from the Missouri Department of Revenue, collectively libraries could lose up to \$3,150,000 (10% of collected non-resident income tax revenue) annually if this tax is eliminated.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from **Jasper County** indicated they do not know what the financial impact will be if this proposal were adopted, but they do think the proposed tax rates will not produce the revenue that is currently being produced by the existing tax structure. They think the rate would have to be considerably higher which could put the state in a less than competitive environment with their neighboring states resulting in a loss in sales and therefore lost revenue. The fact that county and city sales tax rates under this proposal would be re-computed to reflect a certain level of revenue could place them in the same situation especially if they are located on the border with other states. The effects that this proposal could have on both state and local revenue are both unknown and unpredictable at best but they think there is more of a chance of lost revenue than a gain in revenue or revenue staying the same.

Officials from the **City of Jefferson** indicated the fiscal impact on the city should this petition become law is unknown.

Officials from the **City of Kirkwood** indicated there is no way for the city to assess the cost impact. In principal the city would not support it because of its progressivity and impact on the low income.

Officials from the **City of Raymore** indicated there will be no fiscal impact.

Officials from the **City of St. Joseph** indicated the impact of a cap on total sales tax percentages would, most likely, reduce revenues from sales tax revenues. It isn't possible to calculate the amount since the information needed to do such calculations depend on many, unavailable, factors. For example, how would sales taxes be handled in the calculations when they are approved for specific purposes (i.e., a CIP tax with a particular sunset provision)?

Officials from the **City of St. Louis** indicated:

The elimination of the state tax on income and earnings also eliminates tax credits that have been utilized as incentives for development within the city.

Use of Tax Credits has been critical to the revitalization of the City of St. Louis, specifically downtown. Since 1998, **Brownfield Remediation Tax Credits** have been essential in catalyzing over 97 projects; \$130 million in Brownfield Remediation Tax Credits have leveraged over \$2.58 billion in other funds. Additionally, over 12,000 jobs were projected as a result of these projects. (Source: Missouri Dept. of Economic Development 7/15/2010)

Since 2000, approximately 75 **large-scale projects were aided directly by the use of State Historic Tax Credits, leveraging over \$2.8 billion in private investment. These large-scale projects** created over 5,600 jobs for completed projects, with another 1500 jobs anticipated to be created by projects currently underway. Again, these are rough estimates and only contemplate the impact of the historic tax credit on large projects. It does not contemplate the hundreds of smaller projects that would not have been possible without the tax credits - projects which also represent significant investment and job creation.

The low-income housing tax credit has also leveraged significant investment in the City, particularly on the north side. Quick data is not available for this impact, but it is significant. The point here is that without the tax credits as an incentive these projects, jobs and investment would not have happened. Eliminating the tax credits and income tax essentially halts redevelopment in the urban core. No income tax essentially eliminates the buyers of credits.

While the proposed legislation provides for replacement of existing local sales tax revenues with a new local consumption taxes at rates to

be determined by the state DOR, the process for achieving tax neutrality is unclear, creating uncertainty with the existing sales tax base of \$150M.

All existing local sales and use taxes are applied to receipts from the sale at retail of all tangible personal property or services as currently defined in Chapter 144 R.S. Mo. By eliminating the provisions of this chapter on the state level the foundation for the imposition of the sales and use taxes on the local level becomes uncertain. The proposed initiative does provide that the Mo. Dept. of Revenue impose a new rate for local jurisdictions to replace the existing sales tax revenues. However, the method and practicality of establishing a rate that achieves revenue neutrality from an unknown base is unclear. The provision also establishes the targeted new revenue base as the average of receipts from the previous five years prior to January 1, 2014, thus depriving the city of any growth in the intervening period.

City of St. Louis Sales and Use Tax Revenues

	<u>FY10</u>	<u>FY11</u>	<u>FY12p</u>	<u>FY13p</u>	<u>FY14p</u>
City Sales Taxes					
General Fund	45,530,000	46,000,000	46,460,000	46,692,000	46,925,000
Capital Fund	16,540,000	16,450,000	16,615,000	16,698,000	16,781,000
Public Safety Sales Tax Fund	16,207,000	16,581,000	16,900,000	16,985,000	17,070,000
Local Parks Fund	4,055,000	4,138,000	4,179,000	4,200,000	4,221,000
Regional Parks Fund	1,508,000	1,530,000	1,545,000	1,553,000	1,561,000
Transportation Sales Tax Fund	16,563,000	16,734,000	16,901,000	16,986,000	17,071,000
Metro Sales Tax Fund	8,614,000	16,734,000	16,901,000	16,986,000	17,071,000
TIF Funds	4,186,000	4,229,000	4,271,000	4,292,000	4,313,000
	113,203,000	122,396,000	123,772,000	124,392,000	125,013,000
Local Use Tax					
Local Use Tax Fund	25,449,000	27,200,000	27,472,000	27,609,000	27,747,000
	25,449,000	27,200,000	27,472,000	27,609,000	27,747,000
Total	<u>\$138,652,000</u>	<u>\$149,596,000</u>	<u>\$151,244,000</u>	<u>\$152,001,000</u>	<u>\$152,760,000</u>

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in a drastic reduction in general revenue for the State of Missouri, there may be a fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **Metropolitan Community College** indicated this petition would have an unknown fiscal impact on their college.

Officials from the **Public Service Commission** indicated there will be no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this petition will not have a fiscal impact on their agency.

The Coalition for Missouri's Future provided information as an opponent of this initiative petition.

Overview

Government in Missouri essentially operates with three major sources of revenue:

- The income tax, which is primarily a state source (except for the earnings taxes levied in the City of St. Louis and Kansas City);
- The sales tax, which is utilized by both the state and local governments;
- The property tax, which is exclusively a local government source of revenue (except for the minimal blind pension tax imposed by the state).

The initiative petitions would, in essence, permanently and constitutionally ban the use of an income tax in the future, thereby making Missouri (with a few small exceptions) dependent on only the sales tax for all future revenues. The initiative petitions also ban the use of income-related taxes for local governments; local governments would have only the sales tax and the property tax with which to operate.

The initiative petitions also institute permanent caps on the rates that the state government and combinations of local governments may levy. The state sales tax rate is capped at 7%; the combined local sales tax rates are capped at 3%, a rate well below what many local governments are currently levying.

The initiative petitions also lock into the Constitution the exemptions from this expanded consumption tax, making any future tax revenue increases impossible at both the state and local level (because local governments must tax the same things that the state taxes).

It appears the intent of the initiative petitions is to place both state and local governments in a "Constitutional headlock," locking them into limited revenue sources with Constitutional caps and permanent, Constitutional exemptions. In addition, the initiative petitions lock the state government into revenue levels that are far below current revenues, as the analysis will show below.

Petitions 12 and 13 and Your Analysis of Petitions 10 and 11

We have now had the benefit of reviewing the official fiscal note on petitions 10 and 11 that was released by the Secretary of State yesterday. It appears that your fiscal note for those petitions in part relied on the "top down" economic analysis submitted by the proponents (Mr. Ellinger) and by the Office of Administration. By "top down," we are referring to the use of national GDP data, paring that data down to Missouri, eliminating the specified exemptions from the calculation and then imposing the tax rates contained in the petitions.

The problem with the "top-down" approach is that it assumes that everything in the GDP "bucket" that remains after exemptions is effectively taxed. Yet the petitions really do

not tell us anything about what is taxed and how it is taxed. Rather they focus on exemptions to the tax, and what is not taxed. What is taxed will be a decision of a future General Assembly, somewhat guided by the Constitution if the petitions were adopted.

In our previous submission, we included the tax expenditure study from the Tennessee State Budget, since this proposal is modeled after the Tennessee tax system. In this submission we have also enclosed two pages from the Missouri Tax Expenditure Report that the Office of Administration has prepared under contract by the University of Missouri Economic Policy and Research Center (EPARC).

Please note that many areas of "tax expenditures" (which if taxed would generate the most state tax revenue) for Missouri contained in this report are specifically exempted under the initiative petitions. Also, we would note that for a majority of the areas that might be taxed under the initiative petitions the report shows the tax expenditure data is not available.

While we understand the "top-down" methodology, we would encourage your office to consider what we will refer to as the "bottom-up" methodology outlined herein. By "bottom-up," we would ask you to consider and analyze what Missouri is currently taxing, and how Missouri would expand current revenues by taxing new items or services if the petitions were adopted by the voters.

We have in this submission supplemented our prior analysis of taxes in Tennessee, and would ask you to closely review our revised analysis of Tennessee. While it would appear that the sales tax in Tennessee generates \$6.4 billion in revenue, their tax base is entirely different (and higher) than what would be taxed under Initiative Petitions 12 and 13. This specifically applies to their use of an additional tax (the single article sales tax) and the fact that the motor vehicle sales tax goes to the General Fund in Tennessee, while in Missouri it does not. Also please note that Tennessee would tax water utilities, while Missouri would not under these initiative petitions.

The Methodology

For purposes of this analysis, the work will utilize the final Fiscal Year 2011 net general revenue receipts for the individual income tax and the sales tax, without inflating any of the tax receipts forward.

Impact Of Expanding The Sales Tax Base To Include Food

Missouri does not currently tax food for the \$.03 sales tax that goes into the General Revenue Fund. However, the \$.01 Proposition C sales tax does tax food purchased at retail for home consumption. Therefore, the analysis allows for a calculation of how much additional revenue would be generated by taxing food at the rate of \$.055, as stipulated by the initiative petitions.

The calculation is as follows (in thousands):

Table 1
Revenues Generated By Taxing Food

Sales Tax at 3%--General Fund	\$1,759,822
Sales Tax Revenue Per \$.01 Of Tax	\$586,607
Prop C Sales Tax (including food)	\$716,269
Sales tax generated by taxing food per \$.01	\$129,662
Revenue Generated By Taxing Food At \$.055	\$713,139

It should be noted that while the initiative petitions expand the state tax base to include food, food purchased at retail for home consumption is already taxed by local governments, so expanding the state definition has no impact on local government revenues.

How Much Revenue Is Generated by Increasing The Current Sales Tax To 7% And Taxing Food At 5.5%?

The current Missouri sales tax of 3% generated net sales tax receipts for Fiscal Year 2011 of \$1,759,822,000. Therefore, each penny of sales tax levied generated \$586,607,000 in sales tax receipts.

The following calculation, utilizing the final FY 2011 sales tax receipts and the final receipts from taxing food through Proposition C, illustrates the impact of expanding the current sales tax to 7% and taxing food at 5.5% in 2016, when the changes are fully implemented:

Table 2
Revenue Generated With 7% Sales Tax and Food Taxed at 5.5%
(in thousands)

Current Sales Tax Receipts at \$.03	\$1,759,822
Sales Tax Revenue Per \$01. Of Tax	\$586,607
Increase Rate To \$.07	\$4,106,251
Add Taxation Of Food At \$.055	\$713,139
Total Tax Revenue Without Taxing New Items	\$4,819,390
Less: Conservation Sales Tax	\$89,966
Less: Parks and Soils Sales Tax	\$76,654
Total Tax Revenue At 7% Sales Tax and 5.5% Tax On Food	\$4,652,770

How Do These Revenues Compare To Current Revenues That Would Need To Be Replaced?

Increasing the current sales tax to 7% and taxing food at 5.5% does not generate adequate revenue to replace current revenues that will be eliminated under the initiative petitions. In Fiscal Year 2011, the individual income tax generated \$4,840,299,000 in tax receipts to the General Fund. The current 3% sales tax would need to be replaced by the 7% sales tax, so the amount of \$1,759,822,000 that was the final receipts for FY 2011 must be included in the replacement calculation.

The initiative petitions also replace the 1% Proposition C sales tax, which generated \$716,269,000 in Fiscal Year 2011. Finally, the initiative petitions call for a continuation of a Senior Citizens Circuit Breaker program, which was estimated in the Fiscal Year 2012 Governor's budget to cost \$120,000,000.⁸

In addition to the repealed taxes, any competent fiscal analysis should recognize that there are a multitude of tax credits outstanding that are liabilities of the state. Most of these tax credits are currently taken against the individual income tax. By eliminating the

⁸ Although the earlier nine initiative petitions submitted by Let Voters Decide would have also repealed the corporate income tax, the current two new initiative petitions do not repeal the corporate income tax.

individual income tax, this proposal would limit the ability of tax credit holders to redeem their tax credits.

In earlier submissions in support of the nine initiative petitions previously filed, Let Voters Decide argued that the credits could simply be taken against the insurance premium tax and the corporate income or franchise tax. Since that time, the corporate franchise tax has been repealed by the General Assembly. If one combined the receipts from the insurance premium tax and the corporate income tax, they would have combined receipts of approximately \$377 million. Total tax credit redemptions in FY 2011 equaled \$545 million, including the cost of the Senior Citizen Circuit Breaker.

Even if these credits were taken against the corporate income tax and the insurance premium tax, they are a reduction from revenues that must be accounted for in this discussion. Therefore, the total tax revenues that need to be replaced are:

Table 3
Current Tax Revenues/Programs That Need To Be Replaced
(in thousands)

Individual Income Tax	\$4,840,299
3% Sales tax	\$1,799,822
Senior Citizens Circuit Breaker	\$120,000
1% Prop C Sales Tax	\$716,259
Tax Credits Already Issued/Earned	\$425,000
 Total To Be Replaced	 \$7,901,380

Governmental Death Begins In 2014

While the proponents of the initiative petitions have pushed the ultimate devastation of state and local governments out to 2016, when the whole proposal is fully implemented, the first phase actually happens in 2014, when their manipulation of the tax base shows the true devious nature of these proposals.

In 2014, the sales tax rate goes up 1/3 of the 3% (thereby 33.33%) increase that the proponents ultimately envision will be the increased rate in 2016. However, the income rate is cut in half (or 50%). There is no doubt that state government will be a net loser in 2014, even if one were to believe that these proposals were somehow revenue neutral, which they are clearly not.

In 2014, food could be taxed at a 4% rate, but the Proposition C sales tax already taxes food at 1%, so the net increased rate on food would be a 3% tax rate.

Table 4
Net General Revenue Loss In 2014

\$.01 Increase In Sales Tax Rate	
New Tax Revenue	\$586,607
\$.03 Increase In Tax On Food	\$388,986
 Total Increased Revenue	 \$975,593
 Estimated Lost Income Tax Revenue	
Reducing Income Tax Rate From 6% to 3%	\$2,420,150
 Estimated Net Lost General Revenue In 2014	 <u>(\$1,444,457)</u>

The Greater Imbalance In 2016

The difference between the new revenues generated from a sales tax of 7% on most items and a 5.5% sales tax on food (Table 2) and the revenues that need to be replaced (Table 3) creates a gap of well over \$3 billion, when considering current revenues to be replaced, continuing the Senior Citizen Circuit Breaker, and accounting for outstanding tax credits. The previously submitted nine initiative petitions would have arguably filled some of that gap by taxing things that are not currently subject to state sales tax, such as health care, utilities, child care, and professional services. Those services are specifically excluded from sales taxation by the two new initiative petitions.

The only expanded service that could be identified that would be taxed under the new initiative petitions would be cable and satellite telecommunications providers. It also appears that the sale of advertising would be taxed if authorized by the Missouri General Assembly.

The proponents of the initiative petitions frequently tout that their proposals are based upon the tax system in Tennessee, which levies a sales tax at 7% and a tax on food at 5.5%, similar to these two initiative petitions. Therefore the analysis examined tax expenditures in Tennessee to determine what they exclude from taxation.

Attached is the tax expenditure page from the Tennessee state budget. It appears that virtually all of the tax expenditures in Tennessee (except possibly advertising) are exempted in the initiative petitions. With the exception of advertising (which in Tennessee has a tax expenditure of \$133 million), there are no new revenues to be generated by expanding the services that are taxed under the two initiative petitions. Therefore, the gap between current revenues and the new revenues to be generated by either of the initiative petitions continues to be nearly \$3 billion.

In 2016, the 7% tax rate must also account for the constitutional sales taxes for conservation and parks and soils that are authorized by Sections 43 (a) and 47 (a) of Article 4 of the Missouri Constitution. In Fiscal Year 2011, the Conservation Sales Tax had receipts of \$89,966,000, while the Parks and Soils Sales Tax had receipts of \$76,654,000.

The Impact On Local Governments

The initiative petitions would also cap the local sales tax rate at 3%. Because local governments already tax food purchased for home consumption, and there are minimal expansions of services to be taxed under the initiative petitions, any local governments with a combined city/county tax rate in excess of 3% would have a revenue loss under the initiative petitions. There are a multitude of local governments in the state where the combined city/county tax rate is in excess of 3%, including:

Table 5
Selected Local Governments With Combined Sales Tax Rates Above 3%

<u>County</u>	<u>City</u>	<u>Local Tax Rate</u>
Franklin	Union	4.25%
Lincoln	Troy	3.95%
St. Louis	Clayton	3.95%
Warren	Warrenton	3.75%
Washington	Potosi	4.00%
Platte	Kansas City	3.63%
Jackson	Kansas City	3.50%

Many current local sales taxes have sunset clauses that require a periodic reauthorization by the voters in order to continue the tax. Arguably, the initiative petitions prohibit such reauthorizations, meaning that all current taxes with a sunset provision would effectively end on the date of sunset (unless approved by a 4/7 majority of the voters). Further, it is unclear in the initiative petitions whether any future reauthorization of an existing sales tax would count towards the 3% cap.

The Calculation Of The Local Rate

Section 1(i)(2) of both the initiative petitions state that a new rate shall be imposed by the counties, other political subdivisions and other taxing jurisdictions on sales and services to produce an amount of revenue substantially equal to the amount that was produced by the prior rate of the tax on average in the five years prior to January 1, 2014. However, the calculation of the local rate by the Department of Revenue is based upon a schedule of events that can never happen. Section 1(i)(3) requires the Department of Revenue to provide a new rate to the counties, other political subdivisions and other taxing jurisdictions no later than September 1, 2013. The year 2013 would be included in the five year period, and the calendar year would not be completed by September 1, 2013. Therefore, the Department of Revenue could not possibly perform the calculation

required by this new Constitutional section and give a correct rate to the counties, other political subdivisions and other taxing jurisdictions.

The Tennessee Balancing Act

Proponents of the initiative petitions cite Tennessee as the example of how having only a sales tax and no income tax provides an economic engine for growth. This argument ignores the fact that Tennessee balances its budget with much higher taxes on businesses than Missouri levies, and that trying to replace existing revenues with only a sales tax similar to that in Tennessee would create a dramatic revenue shortfall.

Tennessee has a corporate income tax, but it is called an excise tax. Tennessee has a franchise tax that generates dramatically more than the franchise tax in Missouri (which was recently repealed by the General Assembly). Tennessee imposes an annual "privilege tax" of \$400 on anyone licensed as a professional in Tennessee, from doctors and lawyers to real estate agents. Tennessee levies a gross receipts tax of 3% on its gas, water and electric utilities. While these taxes would ultimately be paid by consumers, they do not show up as a sales tax, but rather as a gross receipts tax on the utility. In a similar fashion, Tennessee imposes a gross receipts tax on bottlers and on vending machines. Tennessee also has an income tax on interest and dividend income, although the proponents would have you believe that there are no income taxes in Tennessee.

In the aggregate, all of these business taxes add up to over \$2.4 billion, as shown in the table below:

Table 6
Tennessee Taxes On Individuals, Businesses and Professions

<u>Tennessee</u> <u>Tax Type</u>	<u>Estimated FY 2010-2011 Receipts</u>
Income Tax On Interest, Dividends	\$199,500,000
Privilege Tax	\$226,000,000
Gross Receipts Tax--TVA And Other	\$344,700,000
Franchise Tax	\$596,000,000
Excise tax	\$891,400,000
Business Tax	\$157,900,000
Total	\$2,415,500,000

This table clearly shows that Tennessee does not provide services for its citizens with only a 7% sales tax on most items and a 5.5% sales tax on food.

The Tennessee Single Article Sales Tax and Other Tennessee Tax Quirks

The proponents would have you believe that the state sales tax in Tennessee is limited to 7%. This is not true. Tennessee, in addition to the 7% sales tax, also levies a "Purchases of Single Articles" tax of 2.75% (which is a state only tax) on the cost between \$1,600 and \$3,200 of any item of any single article sold. (Pages 14-15, Tennessee Sales and Use Tax Guide, February 2011). Therefore, for every item above \$3,200 in value, the state levies an additional sales tax of \$44, on top of the normal 7% tax rate. This includes such items as automobiles, boats, motorcycles, and bundled software.

In Missouri the motor vehicle sales tax goes to MODOT and not to the General Revenue Fund. In Tennessee the motor vehicle sales tax goes into their general fund, and so an apples to apples comparison with Tennessee would remove the motor vehicle sales tax from the Tennessee general fund receipts.

In Tennessee, all satellite television programming to homes is taxed at 8.25%. Tennessee also taxes cable and wireless services at a rate different than 7%. Cable and wireless charges of less than \$15 are exempt by law. Cable and wireless services of \$15.01 to \$27.50 are taxed at the state rate of 8.25%. Charges of \$27.51 and higher are taxed at the normal state and local rates. (Page 7, Tennessee Sales and Use Tax Guide, February 2011).

Proving Our Analysis Is Correct By Using Tennessee Revenues

The proponents imply that Missouri can replace existing revenues by simply mimicking the Tennessee sales tax system. This simply is not true.

In its Fiscal Year 2011-2012 budget request, Tennessee estimated its Fiscal Year 2011 sales tax receipts to be \$6.4 billion. This is obviously far less (approximately \$1.5 billion less) than the revenues that need to be replaced as outlined earlier in our Table 3. Therefore, if Missouri taxed exactly as Tennessee imposes the sales tax, the state would incur at least a \$1.5 billion shortfall under the proposed initiative petitions.

However, the initiative petitions do not tax in the same manner as Tennessee. For example, the Single Article Sales Tax in Tennessee imposes an additional 2.75% tax on the price between \$1,600 and \$3,200 in the purchase of any single item. Water bills are exempted from the proposed Missouri version of the sales tax, while water bills are taxed at state tax rate of 7% in Tennessee (plus the local tax rate). Satellite television services are taxed at 8.25% state rate, not 7%.

As noted earlier, the motor vehicle sales tax in Tennessee goes to their general fund, while the motor vehicle sales tax in Missouri does not go to the general fund, but rather goes to an earmarked MODOT fund. To compare Missouri to Tennessee sales tax receipts, the Tennessee sales tax receipts need to be reduced by the motor vehicle sales tax receipts.

In Missouri, the motor vehicle sales tax, at a rate of 2.98% (information from Roberta Broeker, Chief Financial Officer, MODOT) generates \$263 million annually to MODOT. (FY 2011 revenues). If we simply inflate the Missouri number to 7% for automobiles and assume that Missouri automobile sales are similar to Tennessee, that calculation would remove \$622 million from the \$6.4 billion Tennessee receipts.

Tennessee tax revenues, for this analysis, should be reduced by those taxes that will not be imposed in Missouri are eliminated from the calculation (Single Article Sales Tax, tax on water bills) or taxed at a lower rate in Missouri (satellite television) than in Tennessee, in order to get an “apples to apples” estimate of revenues. This comparison would then reduce the comparable Tennessee revenues to well below \$6 billion, and expand the shortfall to well in excess of \$2 billion.

Suggested Wording For Fiscal Impact Statement

The Auditor’s fiscal impact statement must advise the public of the dire consequences of these proposed initiative petitions if adopted. The Coalition for Missouri's Future suggests the following language for your consideration:

Eliminates the individual income tax and replaces it with a state sales tax not to exceed 7%, with many constitutional exemptions from the sales tax. Net general revenue will lose over \$1 billion in 2014 and \$3 billion in 2016. State services will be cut to balance the reduced revenues.

Major Tax Exemptions from the Sales and Use Tax
Currently Untaxed Services: Table 1-A

Service/Product Area Exempted	FY 2011-2012 Estimated Loss	
	State	Local *
Administrative and Support Services	\$ 382,900,000	\$ 124,400,000
Collection Agencies and Credit Bureaus	25,400,000	8,700,000
Employment Services	199,600,000	68,400,000
Investigation and Security Services	45,300,000	15,500,000
Mail, Document Reproduction, and Call Centers	18,600,000	5,700,000
Services to Buildings and Dwellings	75,000,000	26,100,000
Construction Services	\$ 764,800,000	\$ 262,200,000
Construction of Buildings	252,000,000	85,700,000
Heavy and Civil Engineering Construction	105,700,000	36,200,000
Specialty Trade Contractors	406,200,000	139,300,000
Educational Services	\$ 45,600,000	\$ 15,700,000
Educational Services (for-profit)	41,000,000	14,100,000
Educational Services (non-profit)	4,600,000	1,600,000
Finance, Insurance, and Real Estate	\$ 280,200,000	\$ 90,200,000
Investment Banking, Securities Brokerage, and Related	91,500,000	31,400,000
Insurance Agents and Related	71,000,000	24,400,000
Real Estate Agents and Brokers	117,600,000	40,400,000
Health Care and Social Services (For-profit)	\$ 779,200,000	\$ 267,100,000
Physicians and Dentists	450,300,000	154,400,000
Other Health Practitioners	53,400,000	18,300,000
Hospitals	89,900,000	30,800,000
Nursing and Residential Care Facilities	85,700,000	29,400,000
Outpatient Care Centers	32,700,000	11,200,000
Medical and Diagnostic Laboratories	25,700,000	8,800,000
Other Selected Health Services	10,800,000	3,700,000
Social and Community Services	30,600,000	10,500,000
Health Care and Social Services (Non-profit)	\$ 480,300,000	\$ 164,800,000
Hospitals	308,000,000	136,500,000
Nursing and Residential Care Facilities	27,900,000	9,600,000
Outpatient Care Centers	27,000,000	9,300,000
Other Selected Health Services	6,800,000	2,300,000
Social and Community Services	20,600,000	7,100,000
Information Services	\$ 59,000,000	\$ 18,400,000
Data Processing Services	24,500,000	8,400,000
Movie Production and Sound Recording Studios	6,500,000	3,400,000
Cable TV Subscriptions (exempt amount)	15,500,000	3,400,000
Newspaper Subscriptions and Sales	12,100,000	4,200,000
Media Advertising Sales	\$ 135,800,000	\$ 46,600,000
Newspaper Advertising	40,200,000	13,800,000
Radio Advertising	20,100,000	6,900,000
Television Advertising (Broadcast and Cable)	75,500,000	25,900,000
Personal Services	\$ 87,900,000	\$ 30,100,000
Coin-operated Laundry	2,900,000	1,000,000
Death Care Services	10,000,000	5,500,000
Diet and Weight Loss	1,800,000	600,000
Hair, Nail, and Skin Care Services	39,200,000	13,400,000
Non-Profit Amusement and Membership Organizations	28,000,000	9,600,000
Professional and Technical Services	\$ 728,600,000	\$ 249,700,000
Accounting, Tax Return Preparation, and Payroll	85,000,000	32,600,000
Advertising and Public Relations	33,000,000	11,000,000
Architectural Services	25,500,000	8,700,000
Engineering Services	154,600,000	53,000,000
All other Architectural, Engineering, and Related	14,800,000	5,100,000
Specialized Design Services	17,400,000	6,000,000
Computer Systems Design and Related Services	48,000,000	16,400,000
Legal Services (profit and non-profit)	166,400,000	57,000,000
Management, Scientific, and Technical Consulting	153,300,000	52,500,000
Scientific Research and Development (profit and non-profit)	30,800,000	7,100,000
Transportation Services (Local Trucking only)	\$ 60,800,000	\$ 20,900,000
Truck Transportation (Local)	60,800,000	20,900,000
Total Revenue Loss	\$ 3,785,400,000	\$ 1,296,100,000

* Local revenue loss calculated based on an average local sales tax rate of 2.40%.

Source: Tennessee Department of Revenue

Exhibit 10
Sales and Use Tax Expenditures
2003-2013

	2003 ⁿ	2004 ⁿ	2005 ⁿ	2006 ⁿ	2007 ⁿ	2008 ^f	2009 ^f	2010 ^f	2011 ^f	2012 ^f	2013 ^f
Personal Exemptions											
Non-Durable Commodities											
B.01 Drugs and Medical Commodities											
Prescription Drugs	131.7	142.3	149.9	161.9	168.5	179.5	184.9	190.3	195.6	201.0	206.3
Nonprescription Drugs	16.7	17.0	18.1	19.6	21.2	22.2	22.7	23.3	23.8	24.3	24.8
B.07 Motor Fuel [*]	174.7	214.0	282.0	292.7	377.9	363.6	349.1	335.0	321.5	308.6	296.1
B.25 Lottery Tickets	10.4	11.0	11.6	12.5	13.5	14.2	14.6	15.0	15.3	15.7	16.1
B.31 Food for Home Consumption	196.0	181.2	200.9	181.1	188.2	197.9	204.1	210.4	216.9	223.6	230.8
B.32 Textbooks	3.1	2.9	3.5	3.6	3.6	3.6	3.9	4.1	4.2	4.3	4.5
Services											
B.04 Domestic Utilities	135.1	141.7	157.4	167.1	175.0	183.8	188.1	192.4	196.7	201.0	205.3
A.03a Household Maintenance/Repair	34.9	37.7	40.1	41.7	43.4	45.3	46.5	47.6	48.7	49.9	51.1
A.03b Housekeeping	11.1	11.7	12.0	12.7	13.5	14.0	14.4	14.7	15.0	15.3	15.6
A.03c Apparel	9.1	9.3	9.6	10.2	10.3	10.6	10.8	11.0	11.2	11.4	11.7
A.03d Vehicle Maintenance/Repair	46.0	45.6	47.3	48.9	52.1	54.3	55.7	57.1	58.5	59.8	61.2
B.05 Transportation Fares	33.4	35.4	36.9	38.6	39.6	40.9	41.8	42.7	43.6	44.5	45.4
A.03e Medical Care	712.6	759.6	810.0	857.4	916.7	968.3	994.0	1,019.7	1,045.4	1,071.0	1,096.7
A.03f Personal Care	50.6	55.9	59.7	62.1	64.3	67.6	69.5	71.3	73.2	75.1	76.9
A.03g Other Personal & Educational	457.7	494.3	523.4	553.1	599.9	631.4	647.9	666.4	680.6	697.2	713.7
Miscellaneous											
A.01 Isolated/Occasional Sales	4.4	4.4	4.6	4.8	5.0	5.1	5.3	5.4	5.6	5.8	5.9
B.23 Handicraft Items/Senior Citizen	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Business Exemptions											
Agriculture											
B.06 Fuel Used for Drying Crops	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.09 Agricultural Diesel Fuel	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.10 Farm Machinery and Equipment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.11 Repair Farm Machinery	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.12 Baling Wire, Baling Twine	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.13-14 Feed, Seed, Fertilizer, Pesticides, Etc	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Mining and Manufacturing											
B.16 Replacement Machinery	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.17 New or Expanded Plant	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Figures in millions of dollars; * = Applies to General Revenue Funds Only; NA = Not available; n = Not applicable; l = Less than \$50,000 (Excludes Business Sales)
P = Preliminary numbers; F = Forecasted numbers; R = Revised numbers

Exhibit 10 (continued)
Sales and Use Tax Expenditures
2003-2013

	2003 ⁿ	2004 ⁿ	2005 ⁿ	2006 ⁿ	2007 ⁿ	2008 ^f	2009 ^f	2010 ^f	2011 ^f	2012 ^f	2013 ^f
Mining and Manufacturing											
B.22 Pollution Control Equipment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.24 Anodes	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.26 Electric and Gas for Steel & Cellular Glass	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.33 Drug Research and Development	*	*	*	*	*	*	*	*	*	*	*
Transportation and Utilities											
A.04 Delivery Charges	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.15 Common Carriers-Replacement Parts	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.19 Pipeline Pumping Equipment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.20 Railroad Rolling Stock	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.27 Barge Fuel	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other											
A.06 Custom Design Software	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
A.07 Advertising	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.06 Government Suppliers and Contractors	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.25 Fees Paid to a Municipality	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.29 Bingo Equipment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.30 Tax Exempt Institutions	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Credits											
C.01 Timely Payment	37.3	39.1	38.5	40.9	41.8	40.0	41.2	42.5	43.8	45.2	46.6

Figures in millions of dollars; * = Applies to General Revenue Funds Only; NA = Not available; * = Not applicable; • = Less than \$50,000 (Excludes Business Sales)
P = Preliminary numbers; F = Forecasted numbers; R = Revised numbers

Marc H. Ellinger provided information as a proponent of this initiative petition.

Executive Summary

This document describes four potential scenarios for the future taxable base under our measure if approved by voters. Under the expected scenario, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$180,728,190 and no impact on local government revenue.

Mr. Ellinger said he first estimates the existing sales tax base using data from the Department of Revenue. Reported taxable sales for FY2010 are \$72.2 billion, but these figures significantly overstate the taxable base as they do not account for losses from excluding food sales, food stamp purchases, timely payment discounts and various other exemptions. The effective sales tax base is calculated to be \$59.6 billion FY2010. The effective sales tax base is calculated using data on actual tax collections from the Department of Revenue.

To estimate the tax base under the measure, national accounts from the U.S. Bureau of Economic Analysis are first translated to state accounts using a widely used personal income ratio method and then used to estimate the size of all exemptions in the measure. Next, the total potential taxable base of \$438 billion is derived from the same BEA accounts. Finally, all exemptions are subtracted from the potential tax base to arrive at an estimated tax base of \$111.3 billion in FY2010.

The estimated sales tax base under the measure is projected to have generated \$7,663 million (33.82% of the state's budget) in FY2010. The tax base would have constituted 45.61% of Missouri's Gross State Product in 2010. This compares favorably to other no-income tax states. Data from other no-income tax states that impose a sales tax demonstrate that the measure would be consistent with the experience of those seven states, which generate between 17.45% and 35.15% of their state budgets from state sales taxes (vs. 33.82% projected under the measure), and have effective tax bases between 33.72% and 63.03% of Gross State Product (vs. 45.61% projected under the measure).

Missouri's Net State Income Tax combined with the Senior Property Tax Credit in FY2010 was \$4,434 million out of a total budget of \$22,661 million. Replacing the state income tax under the measure can be conceptualized as increasing the sales tax rate on the existing tax base by 2.775%, expanding the sales tax base, and taxing food at a discounted rate of 5.5%. If the measure was in effect in FY2010, the revenues from these

three sources are projected to have raised \$1,656, \$3,058, and \$437 million respectively for a combined \$5,150 million; far in excess of the needed \$4,434 million.

If approved, the measure would reduce personal income tax rates to 3% starting January 1, 2014 while simultaneously broadening the tax base and raising the sales tax rate to 5%. Two years later, on January 1, 2016, income taxes would be eliminated completely while the sales tax rate would increase to 7%.

To project the fiscal impact of the measure Mr. Ellinger said he constructed four scenarios. The expected scenario assumes no dynamic effects of the measure on economic growth. Scenarios two, three and four examine the impact of faster economic growth expected to result, should the measure be approved. Under all four of the scenarios, Mr. Ellinger said he projects no impact in FY2013 given that no changes happen until January of 2014. In FY2014, under each scenario, the projected fiscal impact on state revenues is positive. Under no scenario does Mr. Ellinger said he projects any impact on local government revenues.

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- Projected Future Sales Tax Exemptions
- Projected Future Sales Tax Base
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- Projected Fiscal Impact
- Appendix – Economic Performance of No-Income Tax States
- Appendix – Revenue Volatility

Current Sales Tax Base

Any rigorous discussion of the future sales tax base must begin with an analysis of the current sales tax base and its composition. The Missouri Department of Revenue publishes reports about taxable sales,¹ providing a good starting point for the analysis of the current tax base. According to the reports available, Missouri's taxable base was \$72.2 billion in FY2010 – calculated as calendar year 2009 Q3 and Q4 + calendar year 2010 Q1 and Q2.

However, the Department of Revenue's report of taxable sales is not an accurate picture as it overstates the tax base of the General Revenue sales tax. The overstatement results from not making deduction for the following (1) food sales are not subject to the General Revenue sales tax,² (2) food stamp purchases are exempt from all sales taxes,³ (3) the state offers a discount to retailers for making timely payments;⁴ (4) various tax exemptions narrow the tax base.⁵ Mr. Ellinger said he believes these items are the major contributors in the Department of Revenue's overstatement of the taxable base, but this list is not exhaustive.

A more appropriate method for calculating the sales tax base is to start with actual revenues collected and using the sales tax rates applicable, to calculate the effective sales tax base. To start Mr. Ellinger said he uses actual taxes collected as reported by the Missouri Department of Revenue and compiled by The State & Regional Fiscal Studies Unit, Research Center at the University of Missouri-Columbia.^{6,7} Reported revenue from "General Sales & Use" taxes for FY2010 was \$1,790,181,500. Mr. Ellinger said he divides this number by the sales tax rate to General Revenue of 3%.⁸ The resulting, "effective tax base" is \$59,672,716,666 or \$59.6 billion.

Since the general sales tax is not levied upon food - the resulting tax base excludes food purchases. To calculate the effective sales tax base including food purchases Mr. Ellinger said he uses actual collected sales revenue dedicated to the Education Trust Fund. This sales tax of 1% is levied upon all taxable sales including food sales and is also often referred to as "Proposition C" sales tax as it was established by Proposition C, passed in 1982 with the approval of 53.2% of Missouri voters.⁹ Sales tax collections for the Education Trust Fund in FY2010 totaled \$676,135,700. Dividing by the tax rate of 1%, Mr. Ellinger said he calculates an effective tax base of \$67,613,570,000 or \$67.6 billion. Since the biggest difference between the General Revenue Sales Tax base and the Education Trust Fund Sales Tax base is the taxation of food for home consumption, Mr. Ellinger said he can estimate the amount of food sales as the difference between the effective tax bases. The data is summarized in the table below.

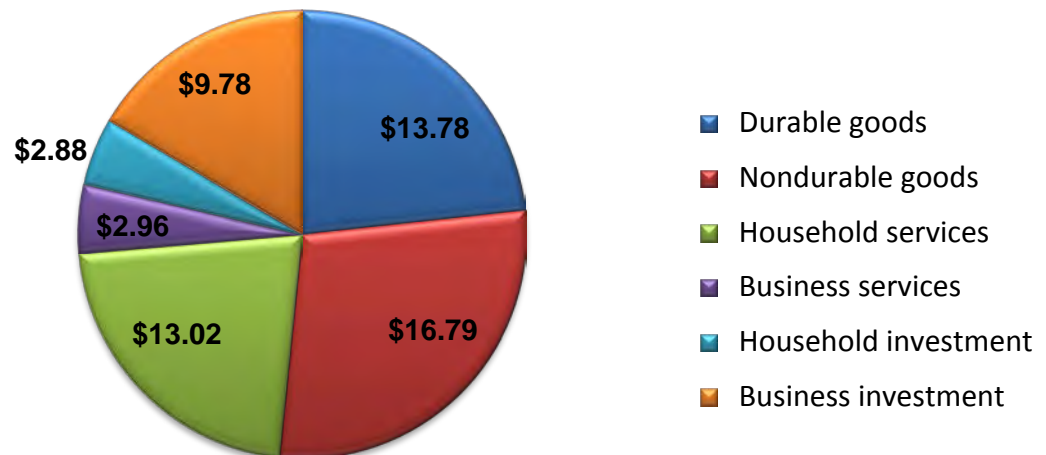
Fiscal Year, nominal dollars (\$ '000)	2005	2006	2007	2008	2009	2010
General Revenue Tax Collections	1,830,038	1,910,620	1,967,200	1,973,768	1,882,210	1,790,182
Education Trust Fund Tax Collections	675,963	712,320	728,240	735,849	701,560	676,136
Effective Tax Base						
General Revenue	61,001,267	63,687,333	65,573,333	65,792,267	62,740,333	59,672,717
Education Trust Fund	67,596,300	71,232,000	72,824,000	73,584,900	70,156,000	67,613,570
Estimated Food Sales less food stamp purchases	6,595,033	7,544,667	7,250,667	7,792,633	7,415,667	7,940,853
General Revenue Sales Tax Rate	3.0%					
Education Trust Fund Tax Rate	1.0%					

As the next step in the analysis of the existing tax base, Mr. Ellinger said he determined the composition of the sales tax base using macroeconomic accounts from the Bureau of Economic Analysis. To do this, Mr. Ellinger said he started from national accounts and

scaled them to the size of Missouri's economy using the ratio of Missouri's personal income to national personal income. This method of mapping national accounts to state accounts is widely accepted and has been used by state governments,¹⁰ universities¹¹ and most importantly, Mr. Ellinger said in his judgment, Missouri's Office of Administration.¹²

In the analysis of the current tax base Mr. Ellinger said he uses the Bureau of Economic Analysis' accounts for "Personal Consumption Expenditures by Type of Product,"¹³ "Private Fixed Investment in Structures by Type,"¹⁴ "Private Fixed Investment in Equipment and Software by Type,"¹⁵ "Government Social Benefits,"¹⁶ and "Intermediate transactions."¹⁷ Analyzing the state statutes and macroeconomic accounts Mr. Ellinger said he estimates the composition of the existing state taxable base using the categories defined by the BEA.

FY2010 Current Tax Base - \$59 billion



[1] <http://dor.mo.gov/publicreports/>

[2] <http://www.moga.mo.gov/statutes/C100-199/1440000014.HTM>

[3] <http://www.moga.mo.gov/statutes/C100-199/1440000037.HTM>

[4] <http://www.moga.mo.gov/statutes/C100-199/1440000030.HTM>

[5] <http://www.moga.mo.gov/statutes/C100-199/1440000710.HTM>

[6] <http://eparc.missouri.edu/Publication/HistTax/Section01/Orp01.pdf>

[7] <http://eparc.missouri.edu/Publication/HistTax/Section01/Orp34.pdf>

[8] <http://dor.mo.gov/business/sales/>

[9] [http://ballotpedia.org/wiki/index.php/Missouri_Proposition_C_\(1982\)](http://ballotpedia.org/wiki/index.php/Missouri_Proposition_C_(1982))

[10] <http://www.green.maryland.gov/mdgpi/1a.asp>

[11] http://www.uvm.edu/giee/genuine/Vermont_GPI_methods.pdf

[12] <http://www.auditor.mo.gov/notes/11-15.pdf>

[13]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=70&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[14]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=151&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[15]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=157&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[16]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=110&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[17] http://www.bea.gov/industry/iotables/table_list.cfm?anon=975584&CFID=4715180&CFTOKEN=d79318e0618bf897-DB9C3496-EACA-1C45-C9DA6A15F742E2BD

Projected Future Sales Tax Exemptions

Under the proposed constitutional amendment, all sales of goods and services, unless specifically exempt, are subject to sales tax. Consequently, in estimating the total tax base, estimating the size of the exemptions is crucial. Based on the analysis of the national accounts from the BEA, existing state laws and the language of the proposed constitutional amendment Mr. Ellinger said he derived the size of the total potential tax base and the size of exemptions in the measure. In FY2010, Missouri's share of national personal income was 1.7675%,¹ total gross state product was \$244 billion,² and intermediate transactions between businesses totaled an estimated \$194 billion.³ The data is summarized below.

Definitions:

Intermediate transaction (business to business) – transaction between businesses for goods and services as part of a company's normal operations

Gross State Product – final output of businesses, non-profits and government services

Missouri's 2010 share of national personal income	1.7675%	http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4 table (SA1-3)
Missouri's 2010 reported gross state product	\$244 billion	http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1
Missouri's 2010 estimated intermediate transactions based on BEA input output tables and Missouri's share of national personal income	\$194 billion	http://www.bea.gov/industry/iotables/table_list.cfm?anon=974801&CFID=1567841&CFTOKEN=6d48b48a7e69692a-244C7BF1-E52C-901F-E671492F41AFCA9C
Total potential base	\$438 billion	

[1] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4> table (SA1-3)

[2] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1>

[3] http://www.bea.gov/industry/iotables/table_list.cfm?anon=974801&CFID=1567841&CFTOKEN=6d48b48a7e69692a-244C7BF1-E52C-901F-E671492F41AFCA9C

Projected Future Sales Tax Base

Mr. Ellinger said he has examined the impact of cross border sales on the measure and the effective sales tax base. The available data indicates that cross-border sales are most often relegated to big-ticket items, alcohol and tobacco products.^{1,2,3} It also indicates that most day-to-day shopping is done close to home. Missouri benefits from having the lowest tobacco excise tax in the country and among the lowest alcohol excise taxes of any surrounding state.

The same data reveals that when relocating, households that buy homes and are employed are more likely to live in the state with the lower income tax rate.¹ Since most day-to-day shopping is done close to home, the location of the principle residence benefits from the day-to-day spending. In multi-state Metro areas "with large differences in income tax rates but similar sales and local taxes and measured public services," there is "more pronounced stratification with higher income households living in the state with the lower income tax rate."¹

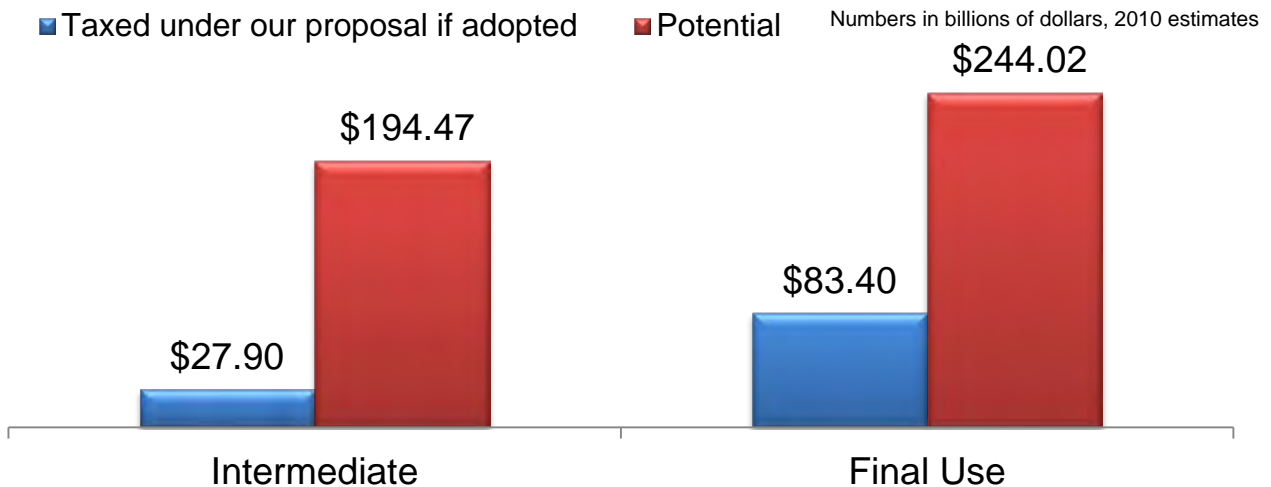
A simple measure of the impact of a higher sales tax rate on cross-border sales can be obtained by reviewing of the number of Wal-Mart locations located inside and on the borders of Missouri (4.225% sales tax) and Tennessee (7% sales tax). The prevailing "wisdom" would be that Tennessee with the highest sales tax rate of any of its neighbors would have fewer Wal-Mart locations within 15 miles of the border. Data from Wal-Mart reveals that the number of stores on the border of Missouri numbers 31 and Tennessee numbers 32. If the higher sales tax of Tennessee was a factor in driving cross-border sales, you would see few stores on the border particularly given the fact Tennessee has fewer total Wal-Mart stores (115) than Missouri (120).

The final indicator that cross-border sales are not a significant impact is firsthand information from Tennessee. The Tennessee State Comptroller provided information to a team of Missouri visitors regarding the issue of cross-border sales or "leakage" as he calls it. Comptroller Justin Wilson dismisses the cross-border impact on Tennessee and provides an almost identical comparison to the situation that exists in Kansas City, streets serving as stateliness, found in the Tri-cities area of northeaster Tennessee. His description of the impact of cross-border sales in Tennessee begins at approximately 00:06:40.⁴ Given the academic studies and empirical evidence, Mr. Ellinger said he views cross border transactions as not altering the basic premises of the models. The available margins of error built into the modeling are expected to account for changes in spending patterns should the measure be adopted.

If the total gross state product and all intermediate transactions were taxable, the tax base would be \$438 billion. Mr. Ellinger said he uses this number as the starting point and subtract exemptions, government, non-taxable items and a margin of error to account for revenue losses due to tax evasion and other forms of tax base erosion. The top ten

exemptions are exempt business-to-business transaction (\$166,576 million), healthcare (\$29,542 million), imputed rental value of owner occupied real estate (non-cash, non-taxable, \$22,057 million), nonresidential real estate (\$7,981 million), rent (\$6,299 million), residential real estate (\$6,064 million), insurance (\$5,616 million), pharmaceuticals (\$5,567 million), utilities (\$5,363 million), motor vehicle fuels (\$5,110 million). Combined, the top ten exemptions totaled \$260 billion dollars while all other exemptions (including government) have been calculated to total \$66.5 billion. In total, all exemptions are estimated to be \$326,706 million. Subtracting exemptions from the total potential tax base results in an estimated FY2010 sales tax base of \$111,294 million or \$111.3 billion. The data is summarized below.

Tax Base \$111.3B w/Measure (\$27.9 + \$83.4)



Top Ten Exempt – numbers in millions of dollars, 2010 estimates

Business-to-business transactions	166,576.76
Healthcare	29,542.80
Imputed rental value nonfarm housing	22,057.00
Real Estate: Nonresidential	7,981.90
Rental	6,299.10
Real Estate: Residential	6,064.20
Insurance	5,616.60
Pharmaceutical and other medical products	5,567.50
Household utilities	5,363.60
Motor vehicle fuels	5,110.70

Also exempt:

Financial services furnished without payment (free checking)	SNAP (Food Stamps)
Industrial and farm machinery	General industrial, including materials handling, equipment
Final consumption of nonprofits serving households	Special industry machinery
Education services (K12, Higher Ed, commercial and vocational)	Nonmedical instruments
New motor vehicles	Agricultural machinery
Social services and religious activities	Electrical transmission, distribution, and industrial apparatus
Gambling	Fuel oil and other fuels
Net purchases of used motor vehicles	Rental (commercial)
Ground, air and water transportation	Fabricated metal products
Medical equipment and instruments	Metalworking machinery
Engines and turbines	Construction machinery
Net expenditures abroad by Missouri citizens	Service industry machinery
Electrical equipment.	Mining and oilfield machinery
Postal services (USPS only)	Food furnished to employees (including military)
Group housing	Food produced and consumed on farms

[1] <http://www.ifiqr.org/workshop/spring09/Hoyt.pdf>

[2] http://www.be.wvu.edu/div/econ/work/pdf_files/05-12.pdf

[3] <http://www.taxfoundation.org/news/show/239.html>

[4] <http://www.youtube.com/watch?v=smHVD9QHnjg>

Sales Tax Bases in Other No-Income Tax States

After calculating the proposed sales tax base, Mr. Ellinger said he performed a similar analysis of existing sales tax bases in no-income tax states as well as the sales taxes collected in the context of state budgets. Mr. Ellinger said he uses data collected by the US Census Bureau^{1,2,3} on state and local governments combined with information from the individual states' departments of revenue.^{4,5,6,7,8,9} The US Census Bureau's data is the most appropriate source Mr. Ellinger said in his judgment because it uses a standardized classification for tax revenues and state budgetary accounts allowing for an accurate comparison between the states. In the analysis Mr. Ellinger said he used the latest data available which at the time of this document's writing was FY2008.

When estimating revenues under the measure, Mr. Ellinger said he has accounted for the fact that fiscal years and calendar years do not cover the same time periods. Fiscal years in Missouri span the last two quarters of the previous year and the first two quarters of the calendar year in which the fiscal year ends. To map between calendar years and fiscal years, Mr. Ellinger said he used data on reported taxable sales from the Missouri Department of Revenue. Mr. Ellinger said he calculated how much of the total sales of a given calendar year occurred in each half of the fiscal year and then used those ratios to calculate the taxes that would have been collected from an expanded sales tax base. In the models, FY2010 captured 50.9774% of sales from calendar year 2009 and 48.4991% of sales from calendar year 2010. Based on the estimated tax bases of \$108.8 and \$111.3 in calendar years 2009 and 2010 respectively, Mr. Ellinger said he calculated total expected tax collection in FY2010 to be \$7,663 million.

Given Missouri's actual spending in FY2010 of \$22,661 million,¹⁰ sales taxes under the measure would have contributed 33.82% of the total state budget, falling within the range of other no-income tax states. Of the nine states that have no income tax, seven have broad sales taxes (Alaska and New Hampshire have neither an income tax nor a state sales tax). In those seven states, general sales taxes as a percentage of total state budgets, contributed between 17.45% in Wyoming and 35.15% in Washington. The data collected give confidence that the estimates are feasible as is the degree of the projected reliance on sales taxes. The data is summarized below.

Projected FY2010 Sales Tax Revenues under the measure: \$7,663 million.

FY2010 Missouri Budget: \$22,661 million.

Projected sales tax revenue as % of state revenues in FY2010: 33.82%

Sales Taxes as % of State Budgets

	Sales Tax Rate	State Budget (\$ '000)	General Sales Tax Revenue (\$ '000)	as % of State Budget
Alaska	0.00%	15,874,933	0	0.00%
Florida	6.00%	67,717,478	21,518,100	31.78%
New Hampshire	0.00%	5,707,224	0	0.00%
Nevada	6.90%	9,398,457	3,077,433	32.74%
South Dakota	4.00%	3,426,159	732,438	21.38%
Tennessee	7.00%	25,178,170	6,832,948	27.14%
Texas	6.25%	98,974,974	21,668,972	21.89%
Washington	6.50%	32,272,827	11,344,622	35.15%
Wyoming	4.00%	5,624,350	981,198	17.45%

Secondly, Mr. Ellinger said he reviewed the estimated effective sales tax bases in all no-income tax states and compared them to the size of their economies to determine how broad or narrow the estimated tax base is compared to those states. Again, Mr. Ellinger said he uses data collected by the US Census Bureau^{1,2,3} on state and local governments combined with information from the individual states' departments of revenue.^{4,5,6,7,8,9} Under the measure the estimated sales tax base in FY2010 of \$111,294 million is equal to 45.61% of the Missouri's gross state product (\$244,016 million) as reported by the US Bureau of Economic Analysis.

The estimated tax base as a percentage of GSP of 45.61% in FY2010 falls within the range of other no-income tax states. These range from 33.72% in Nevada to 63.03% in Wyoming. The data is summarized below.

Projected FY2010 Sales Tax Base under the measure: \$ 111,294 million.

FY2010 Missouri Gross State Product: \$ 244,016 million.

Projected sales tax base as % of gross state product in FY2010: 45.61%

Sales Taxes as % of Gross State Products

	Sales Tax Rate	Gross State Product (\$ '000)	General Sales Tax Revenue (\$ '000)	Effective Sales Tax Base (\$ '000)	as % of GSP
Alaska	0.00%	49,186,000	N/A	N/A	N/A
Florida	6.00%	747,770,000	21,518,100	358,635,000	47.96%
New Hampshire	0.00%	58,780,000	N/A	N/A	N/A
Nevada	6.90%	132,270,000	3,077,433	44,600,478	33.72%
South Dakota	4.00%	38,293,000	732,438	18,310,950	47.82%
Tennessee	7.00%	247,796,000	6,832,948	97,613,543	39.39%
Texas	6.25%	1,202,104,000	21,668,972	346,703,552	28.84%
Washington	6.50%	334,477,000	11,344,622	174,532,646	52.18%
Wyoming	4.00%	38,917,000	981,198	24,529,950	63.03%

[1] <http://www.census.gov/govs/estimate/>

- [2] <http://www2.census.gov/govs/estimate/08slsstab1a.xls>
 [3] <http://www2.census.gov/govs/estimate/08slsstab1b.xls>
 [4] http://dor.myflorida.com/dor/taxes/sales_tax.html
 [5] <http://tax.state.nv.us/pubs.htm>
 [6] <http://www.state.sd.us/drr2/businessstax/st/salestax.htm>
 [7] <http://www.window.state.tx.us/taxinfo/sales/>
 [8] http://dor.wa.gov/docs/forms/ExcsTx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf
 [9] <http://revenue.state.wy.us/portalvbvs/desktopdefault.aspx?tabindex=3&tabid=10>
 [10] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

Missouri's State Income Tax Relative to Total Budget

The simplest way of thinking about what is needed to eliminate Missouri's state income tax is to look at what amount of revenue the state income tax contributes to total state spending. The revenue from the state income tax that is relevant is revenue net of tax refunds. Secondly, since the measure intends to maintain the Senior Property Tax Credit (PTC), this tax expenditure must be considered. In FY2010, net personal income taxes collected were \$4,315 million while the PTC was \$119 million for a combined total of \$4,434 million. To put this in perspective, total state spending in FY2010 was \$22,661 million. Therefore, the total amount of revenue that would need to be replaced in FY2010 was 19.57% of the state budget.^{1,2,3,4,5}

Conceptually, additional new revenue in the measure comes from three sources (1) raising the sales tax rate from 4.225% to 7% (an increase of 2.775%) on the existing tax base; (2) establishing a 7% tax rate on an expanded sales tax base; (3) establishing a 5.5% tax rate on food sales (less SNAP purchases). In calendar year 2010, these new revenues would have amounted to \$1,656 million, \$3,058 million and \$437 million from sources 1, 2 and 3 respectively.

Mr. Ellinger said he has performed a similar analysis for the years 2005 through 2010 with the data summarized below. Please note that this analysis is presented as only one possible way to conceptualize the replacement of the state income tax. The analysis in the table below is applied retroactively and does not adjust for the overlap of calendar years and fiscal years. A more complete analysis along with forward looking projections is presented in the next section.

Increase in GR sales tax rate on existing base	2.775%				
GR sales tax rate on expanded sales tax base	7.000%				
GR sales tax rate on food	5.500%				
Years, nominal dollars	2006	2007	2008	2009	2010
Projected Sales Tax Base	105,657	109,956	112,750	108,868	111,294
Current GR Sales Tax Base	63,687	65,573	65,792	62,740	59,673
Estimated Food Sales less food stamp purchases	7,545	7,251	7,793	7,416	7,941
Expanded Sales Tax Base	34,425	37,132	39,165	38,712	43,680

Net Personal Income Tax	4,483	4,824	5,110	4,757	4,315
Senior Property Tax Credit	96	93	100	119	119
Total	4,579	4,917	5,210	4,876	4,434
Revenue from increase rate on existing base	1,767	1,820	1,826	1,741	1,656
Revenue from expanding sales tax base	2,410	2,599	2,742	2,710	3,058
Revenue from food sales tax (reduced rate)	415	399	429	408	437
Total	4,592	4,818	4,996	4,859	5,150
Total State Expenditures	\$19,197	\$20,048	\$20,608	\$22,197	\$22,661
Estimated surplus (shortfall) resulting from the measure	\$13	(\$99)	(\$214)	(\$17)	\$716
as % of state expenditures	0.068%	-0.495%	-1.039%	-0.078%	3.161%

[1] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

[2] http://oa.mo.gov/bp/budg2011/Budget_Summary.pdf

[3] http://oa.mo.gov/bp/budg2010/Budget_Summary.pdf

[4] http://oa.mo.gov/bp/budg2009/Budget_Summary.pdf

[5] http://oa.mo.gov/bp/budg2008/Budget_Summary.pdf

Projected Fiscal Impact

Mr. Ellinger said he first estimates future tax revenue if the measure is not adopted, labeling this the baseline case. In estimating the fiscal impact of the measure, Mr. Ellinger said he presents four scenarios. The expected scenario assumes no dynamic effects of the measure on economic growth. The three scenarios that follow estimate the fiscal impact of faster economic growth that is expected to result, should the measure be approved.

Mr. Ellinger said this analysis examines the potential impact of internet commerce eroding the future tax base. The inability of states to tax sales from out-of-state vendors due to the U.S. Constitution's Commerce Clause was established in 1967 by the Supreme Court case of *National Bellas Hess v. Illinois*¹ and later extended in 1992 by *Quill Corp. v. North Dakota*.² The rising importance of e-commerce, the loss of sales tax revenues and competitive disadvantages faced by brick-and-mortar retailers have led to legislative actions to address the issue of tax evasion due to unreported tax from internet sales. Legislation recently signed into law in California and Illinois is just one example of the attempts being made to collect taxes from online sales. While a federal solution overturning *Quill Corp. v. North Dakota* would be the simplest way to stop future tax base erosion due to internet sales, Mr. Ellinger said he believes a variety of state measures, agreements between states and increased enforcement will limit future sales tax losses due to the internet sales.

A widely cited study "State and Local Government Sales Tax Revenue Losses from Electronic Commerce" by the University of Tennessee³ estimates revenues lost by each state due to tax evasion on internet purchases. The study finds loss rates ranging from

0.87% to 5.55% of state revenues due to internet sales with a high degree of variation between states. The study also does not find a positive relationship between losses due to internet sales and states with no income tax. In fact, the average revenue loss estimated by the study for the no income tax states was 3.28% vs. 3.83% for all states in the study. While tax evasion related to internet sales is an important issue, it does not appear to be related to not having a state income tax. Despite losing revenue to internet sales, no-income tax states are outperforming Missouri economically and are able to provide adequate state services to their citizens. While the belief is that e-commerce will grow, a variety of measures ranging from the streamlined sales tax, to changes at the federal level can limit the losses in state tax revenues in the future.

In estimating the fiscal impact of the proposed constitutional amendment Mr. Ellinger said he uses 10-year averages for the growth of Missouri's gross state product (GSP), net tax collections as a percentage of GSP and the 10-year average tax base under the measure as percentage of GSP. The assumptions, calculated using data from 2001 to 2010 are summarized below. The expected scenario analysis does not incorporate any projected increase in the rate of economic growth should the measure be adopted. The averages used in the analysis do vary from year to year and are slightly correlated with the economic cycle. They do not however appear to be persistently trending in one direction, increasing the confidence that they are reasonable assumptions to use when estimating the future fiscal impact.

Long term Missouri GSP growth rate (nominal)	3.03%
Net Personal income tax as % of GSP	1.94%
Sales Taxes (GR, Education, Conservation, P/S) as % of GSP	1.23%
Estimated tax base under the measure as % of GSP	46.63%

An alternative, commonly used method of forecasting involves using regression analysis to estimate the relationship between changes in state tax collections and state personal income. Economists forecast the growth in state personal income and then estimate revenues based on the regression models. However, in the analysis of the data for the past 10 years, Mr. Ellinger said he did not find a relationship between changes in Missouri's tax collections and personal income growth that was significant at the 0.05 level. An analysis of a longer term time series may result in estimating a satisfactory model linking personal income changes to tax revenue changes, however using a longer time series would require adjusting tax revenues to changes in state laws to isolate revenue growth resulting from policy changes versus that which resulted from personal income changes. This more complex analysis is not included in this document.

Using long term averages neglects the impact of the business cycle on changes in tax collections leading to overestimating tax revenues from sources with a below average sensitivity to GSP changes while underestimating those that have above average sensitivity. However, given the state's ability, expressly stated in the Constitution, to smooth out revenue changes over time using the state's Rainy Day Fund as well as the difficulties of accurately forecasting future changes in the business cycle, Mr. Ellinger said he believes that forecasting of the fiscal impact of the measure using 10-year averages is the most prudent approach.

Baseline scenario

All numbers in thousands of nominal dollars		<u>Forecast</u>			
		2011	2012	2013	2014
Calendar Years	2010				
MO GSP	\$244,016,000	\$251,409,685	\$259,027,398	\$266,875,928	\$274,962,269
Net Personal income tax	\$4,733,910	\$4,877,348	\$5,025,132	\$5,177,393	\$5,334,268
Sales taxes	\$3,001,397	\$3,092,339	\$3,186,037	\$3,282,574	\$3,382,036
Senior property tax credit	\$119	\$119	\$119	\$119	\$119
Total	\$7,735,426	\$7,969,806	\$8,211,288	\$8,460,086	\$8,716,423

Expected scenario

Under the measure, if approved, on Jan 1st. 2014, income tax rates would be reduced by 50%, while the sales tax would be broadened and increased to 5%. On Jan 1st. 2016, income tax rate would be reduced to 0%, while the sales tax rate would be increased to 7%. The measure requires the Department of Revenue to recalculate local sales tax rates given the new tax base to generate the same amount of revenue for the local governments. Therefore, Mr. Ellinger said he assumes no impact on local governments in all of the scenarios.

All numbers in	2013	2014
thousands of nominal dollars		
Estimated sales tax base	\$124,444,245	\$128,214,906
Sales tax rate		5%
Net Personal income tax under the measure		\$2,667,134
Sales tax revenue under the measure		\$6,410,745
Total		\$9,077,879
Baseline scenario		\$8,716,423
Difference		\$361,456

FY2014 covers only Q1 + Q2 of CY2014

FY2013	FY2014
\$ ZERO IMPACT -	\$180,728.19

Under the expected scenario, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$180,728,190 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$360,456,380 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

[1] <http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=US&vol=386&invol=753>

[2] <http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=US&vol=504&invol=298>

[3] <http://cber.bus.utk.edu/ecommm/ecom0409.pdf>

Additional scenarios

Mr. Ellinger said he constructed three additional scenarios to analyze some likely dynamic effects of the measure. The three scenarios evaluate the impact of increased rates of economic growth on the fiscal position of the state.

In constructing the three additional scenarios evaluating increased rates of economic growth expected to result if the measure is adopted, Mr. Ellinger uses the relative growth rates of Missouri's economy as compared to the economies of no-income tax states. The first of the three scenarios uses a modest 0.25% increase in growth rate; the second evaluates what would happen if Missouri's growth rate increased to that of Tennessee (an increase of 0.643%), while the final scenario looks at what would happen if Missouri's growth rate converged to the average no-income-tax state (an increase of 2.085%). While the income tax under the proposal would be phased out, Mr. Ellinger said he believes the once the measure is approved by voters, economic growth rates should increase immediately because of the forward looking nature of investment and capital budgeting by businesses.

Scenario 2

Under this scenario the growth rate of Missouri's economy is increased by 0.25% per year.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	0.25%	0.25%
0.25% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 267,523,497	\$ 276,298,268
Estimated sales tax base	\$ 124,746,207	\$ 128,837,882
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,680,093
Sales tax revenue under the proposal		\$6,441,894
Total		\$9,121,987
Baseline scenario		\$8,679,259
Difference		\$442,728

FY2014 covers only Q1 + Q2 of CY2014

FY2013
\$ ZERO IMPACT-

FY2014
\$221,364.15

Under scenario 2, Mr. Ellinger said he estimate no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$221,364,150 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$442,728,300 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario 3

Under this scenario the growth rate of Missouri's economy is increased by 0.643% per year, matching the experience of Tennessee during the past ten years.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	0.643%	0.643%
0.643% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 268,542,033	\$ 278,406,161
Estimated sales tax base	\$ 125,221,150	\$ 129,820,793
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,700,540
Sales tax revenue under the proposal		\$6,491,040
Total		\$9,191,579
Baseline scenario		\$8,679,259
Difference		\$512,320

FY2014 covers only Q1 + Q2 of CY2014

	FY2013	FY2014
\$	ZERO IMPACT -	\$256,160.20

Under scenario 3, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$256,160,200 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of

\$512,320,400 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario 4

Under this scenario the growth rate of Missouri's economy is increased by 2.085% per year, matching the experience of the average no-income tax state during the past ten years.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	2.085%	2.085%
2.085% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 272,275,624	\$ 286,201,445
Estimated sales tax base	\$ 126,962,124	\$ 133,455,734
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,776,154
Sales tax revenue under the proposal		\$6,672,787
Total		\$9,448,941
Baseline scenario		\$8,679,259
Difference		\$769,682

FY2014 covers only Q1 + Q2 of CY2014

FY2013	FY2014
\$ ZERO IMPACT -	\$384,840.85

Under scenario 4, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$384,840,850 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$769,681,700 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario summary

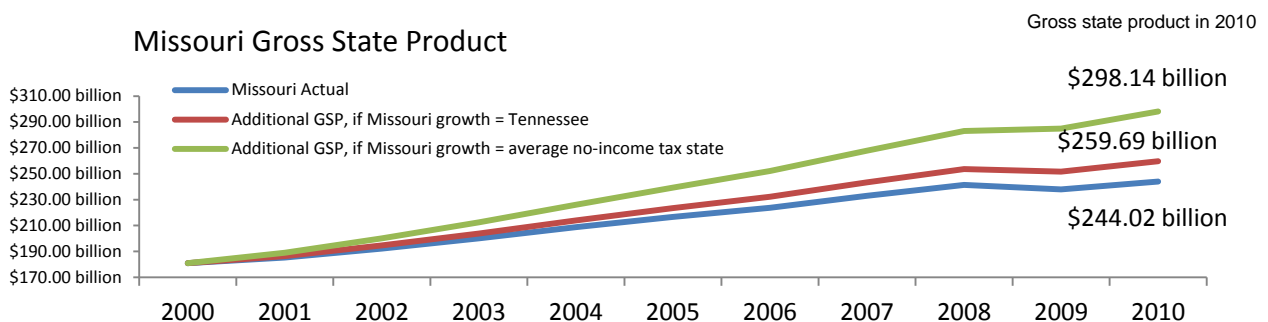
	FY2014 impact, thousands	FY2014 impact, thousands vs. expected scenario
Expected scenario	\$180,728.19	\$ N/A
Increased growth rate by 0.25%	\$221,364.15	\$40,635.96
Increased growth rate, match TN	\$256,160.20	\$75,432.01
Increased growth rate, match no-income tax state average	\$384,840.85	\$204,112.66

Appendix – Economic Performance of No-Income Tax States

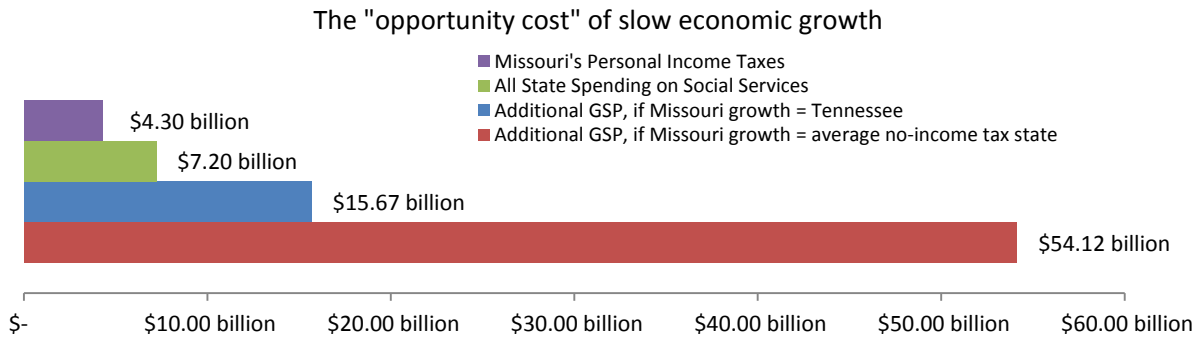
During the time period 2000-2010, Missouri's economic growth ranked 48th amongst all state according to the U.S. Bureau of Economic Analysis,¹ with only Michigan and Ohio performing worse. Missouri's slow economic growth is not a temporary phenomenon. In every decade since the data has been collected by the BEA, Missouri has grown significantly slower than neighboring Tennessee.

Nominal GDP Growth Rank	1970s	1980s	1990s	2000s	1963-2010
Missouri	43	42	29	48	43
Tennessee	25	32	14	36	20

Poor economic performance compounds over time, making what at first appears small add up to billions of dollars of lost potential income and government revenue. If Missouri's growth rate matched Tennessee's over the past decade, Missouri's economy would have been significantly bigger today. Given some of Missouri's advantages over Tennessee such as a more highly educated workforce, Mr. Ellinger said he believes Missouri's growth rate could be even higher and potentially match that of the average no-income tax state. The chart below depicts what would have happened to Missouri's Gross State Product under the aforementioned growth rates.



If Missouri's economic growth matched that of Tennessee, our economy and state budget would have been \$15.67 billion and \$1.46 billion larger, respectively. If Missouri's economic growth matched that of the average no-income tax state, our economy and state budget would have been \$54.12 billion and \$5.03 billion larger, respectively. For comparison, in FY2010, all state spending on social services totaled \$7.2 billion, while all personal income tax collected totaled only \$4.3 billion.² In the calculations Mr. Ellinger said he assumes no change in the size of government relative to the size of the economy (currently 9.3%).

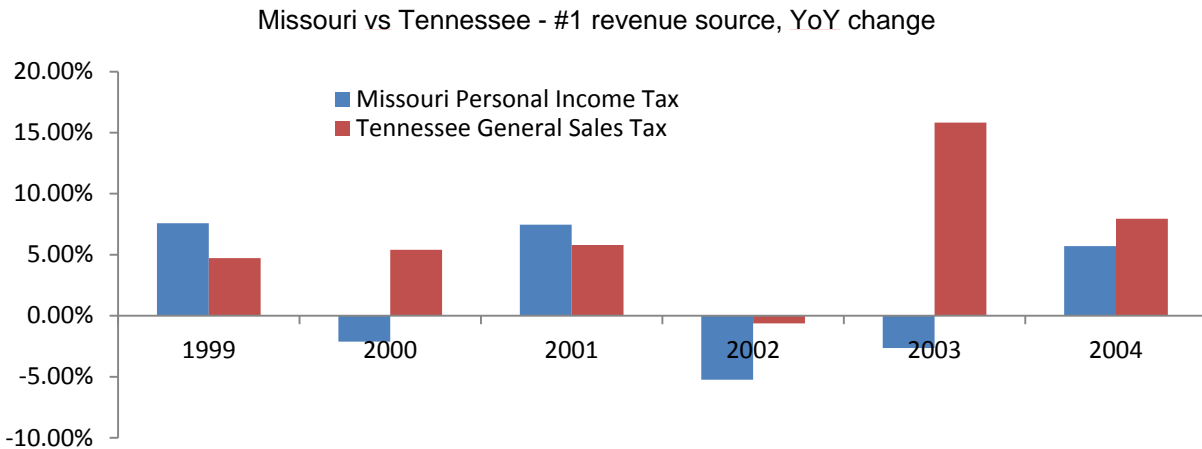
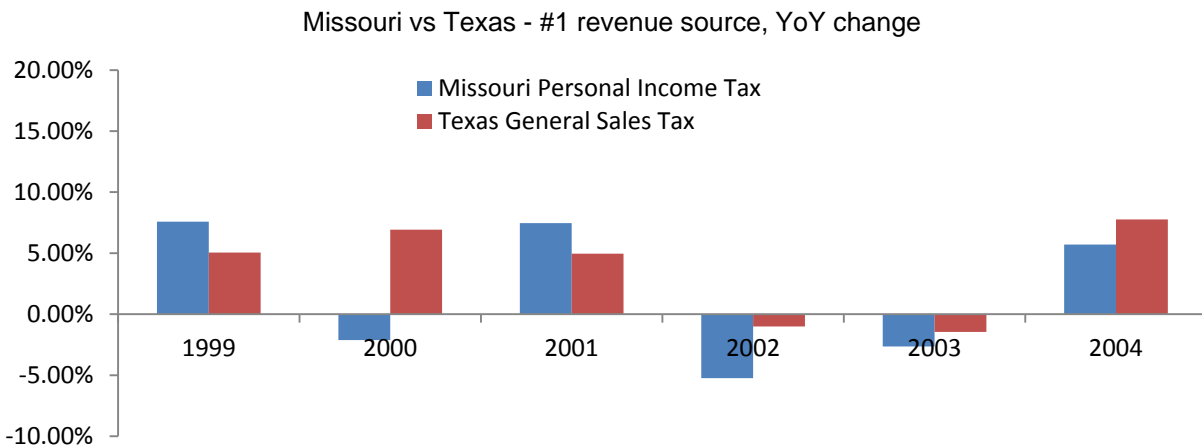


[1] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1>

[2] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

Appendix – Revenue Volatility

The modeling projects that if approved, Missouri's revenue volatility (defined as standard deviation) would decline by two-thirds as compared to the actual collections over the 2001 to 2010 time period. The experience of other states such as Texas and Tennessee which rely primarily on state sales taxes corroborates the modeling. The following charts depict year-over-year changes in revenue by source, comparing Missouri's personal income tax to the general sales tax in Texas and Tennessee respectively. The data has been collected from the U.S. Census Bureau.^{1,2,3} In both cases, during the 2001-2002 recessions, the declines in revenue collections have been significantly smaller for sales taxes than for Missouri's income tax. The latest data available is for FY2008.



[1] <http://www.census.gov/govs/estimate/>

[2] <http://www2.census.gov/govs/estimate/08slsstab1a.xls>

[3] <http://www2.census.gov/govs/estimate/08slsstab1b.xls>

The State Auditor's office did not receive a response from the the **Department of Labor and Industrial Relations**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and the **St. Louis Community College**.

Fiscal Note Summary

Annual state government revenue under this proposal may increase by up to \$300 million, or decrease by up to \$1.5 billion. The proposal is estimated to increase state operating costs by at least \$12.8 million, and may accelerate tax credit redemptions. The fiscal impact to local governments is unknown.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-64)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article X. (Received September 6, 2011)

Date

September 26, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Public Service Commission**, and the **State Tax Commission**.

The Coalition for Missouri's Future provided information as an opponent of the proposal to the State Auditor's office.

Marc H. Ellinger provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that the implementation of this proposal creates no fiscal impact. However, they assume that because this proposal has the potential to be the subject of state litigation, potential costs are unknown.

Officials from the **Department of Agriculture** indicated they defer their response to the Office of Administration and/or the Department of Revenue regarding the estimate of fiscal impact.

Officials from the **Department of Economic Development (DED)** said their response to 11-63 and 11-64 is the same as their response to IP 11-58 and IP 11-59. They indicated this proposal will result in an unknown fiscal impact in excess of \$100,000 to the department.

Upon voter approval, this proposal repeals existing state taxes on or measured by income or earnings of an individual effective January 1, 2014, and eliminates the power of the General Assembly to enact such taxes on or after January 1, 2016. Between January 1, 2014 and January 1, 2016, the repealed taxes are to be replaced with a sales tax of up to five percent on the purchase of goods and services other than food and up to four percent on the purchase of food. On or after January 1, 2016, the rates may not exceed seven percent and five and one-half percent, respectively. The proposal exempts from the new sales tax numerous enumerated goods and services.

As pertains to the Department of Economic Development, this proposal would impact existing tax credit and economic development programs utilizing the taxes repealed under this proposal.

Impact on Current Incentive Programs

This proposal would eliminate the state's current economic incentives based on retained withholding taxes because it repeals the withholding tax upon which such programs are based. DED administers a number of programs that offer incentives for job creation and retention in the form of retained withholding taxes for the jobs created or retained, including Missouri Quality Jobs, the Missouri Manufacturing Jobs Program, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. If the withholding tax were repealed, allowing a business to retain withholding taxes would provide no monetary incentive to businesses for the creation or retention of jobs.

The proposal could also negatively impact the effectiveness of the state's tax-credit incentive programs by limiting the taxes against which the credits could be redeemed.

The Department assumes that under this proposal tax credits could continue to be authorized, but they could no longer be redeemed against personal income tax liability. Instead, tax credits could only be redeemed against any applicable remaining taxes, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium taxes. It is unclear the extent to which the inability to redeem tax credits against personal income tax would negatively impact the value of the credits and the extent to which that decline in value would reduce the effectiveness of the credits in incentivizing the desired economic activity.

Impact on Outstanding Tax Credits

This proposal could also negatively impact the value of any outstanding tax credits authorized or issued prior to December 31, 2013 by restricting the taxes against which such tax credits can be redeemed. DED assumes that outstanding tax credits could continue to be redeemed against any applicable tax types not repealed under this proposal, which, for many tax credits, would include the corporate income tax, financial institutions tax, bank and corporate franchise taxes, and insurance premium tax. DED also assumes that the proposal would allow tax credits authorized or issued prior to December 31, 2013 to still be redeemed against any prior year personal income tax liability through the filing of an amended return and/or utilizing any applicable carryback feature.

Even with the above assumptions, this proposal would reduce, to an unknown extent, the value of outstanding tax credits authorized or issued at any time prior to the proposal's effective date because such credits could no longer be utilized to the extent they could have at authorization or issuance because they could no longer be redeemed against the personal income tax.

Any negative impact to the value of outstanding credits could negatively impact developers who previously pledged the credits to lenders in order to obtain financing for approved projects and lenders who provided funding for the project based on the expectation of receiving tax credits of a certain value upon project completion. Any decrease in credit values is also likely to negatively impact any subsequent purchasers of such credits whose purchase was based on the expectation of a certain value based on the law existing as of the time the credit was authorized or issued.

Due to the negative impact to tax credit values as a result of this proposal, holders of outstanding tax credits are more likely to redeem their credits earlier than they otherwise would have or, if unable to redeem, transfer credits for a price lower than what they otherwise could have commanded in the absence of this proposal. Any rush to redemption will lead to a more highly concentrated fiscal impact to the state as a result of tax credit redemptions, while discounted transfer prices will result in less equity being created than was anticipated at the time projects were approved and financing obtained based on the anticipated tax credit value.

In light of the negative impact this proposal would have on the value of outstanding tax credits, there is a potential for litigation between tax credit recipients and the state over who should bear the loss for tax credit holders as a result of this proposal. If a court were to require the state to make tax credit holders whole, the state could be required to reimburse tax credit recipients for the face value of the outstanding credits all at once, rather than over a period of years, as would be the case if the credits were issued and redeemed under current law. It is unclear whether sufficient revenue would be generated under this proposal to fund the repayment of what could be in excess of \$1 billion in outstanding tax credits in addition to funding all other government services.

Impact on Outstanding Retained Withholding Tax Incentives

This proposal would eliminate the value of any previously awarded retained withholding tax incentives under Missouri Quality Jobs, the Missouri Manufacturing Jobs Act, the Community College New Jobs Training Program, and the Community College Retained Job Training Program. Such withholding tax-based incentives are authorized for a period of years, but this proposal repeals withholding taxes as of January 1, 2014. Therefore, the value of any authorization to retain withholding tax under these programs that extends beyond January 1, 2014, would be negatively impacted.

The following examples illustrate how the proposal would impact prior authorizations for retained withholding taxes. Under Missouri Quality Jobs, a qualified company receives an authorization to retain the withholding taxes it would otherwise remit for the new jobs it creates for a period of five years. Under this proposal, a company that received approval to begin retaining withholding taxes beginning in 2011 would only benefit from the authorization until January 1, 2014, because after January 1, 2014, the company would no longer be required to pay any withholding taxes.

A similar impact would occur under the Missouri Manufacturing Jobs Act, which allows a qualified manufacturing company to retain withholding taxes for jobs it retains for a period of ten years. Ford Motor Company has already been approved to receive up to \$100 million in retained withholding benefits under this program. If this proposal took effect during the ten year period for the retained withholding tax benefit, withholding taxes would no longer be due, and there would no longer be any value to Ford for the withholding benefit.

This issue is likely to result in litigation, with companies previously approved for retained withholding benefits arguing that state must make the company whole for the entire amount of the promised benefit, regardless of the continued existence of the withholding tax. If a court were to agree, the state could be liable to pay out the entirety of any outstanding retained withholding tax benefit amounts, rather than the benefit being enjoyed by the company over a period of years as withholding taxes for the jobs created or retained would be due.

Impact on Programs Facilitating Local Economic Development

This proposal could negatively impact a number of state programs that provide assistance for local economic development through increased state revenue generated by the project. Examples of such programs include the State Supplemental Tax Increment Financing Program, the Missouri Downtown Economic Stimulus Act (MODESA), and the Missouri Rural Economic Stimulus Act (MORESA). The State TIF program allows for the portion of new state tax revenue created by the project to be disbursed to cover the financing gap for eligible redevelopment costs for the project. The MODESA and MORESA programs allow for a portion of the new state taxes created by the project to be diverted to fund eligible project expenses.

Depending on the extent to which any new state tax revenues diverted to fund projects previously approved under these programs are state income-tax based, this proposal would jeopardize the financing for such projects by repealing the taxes generating the revenues necessary to repay any associated debt. In many cases, bonds to finance some or all of the projects have been issued based on the revenue stream provided by the state income taxes that would be repealed under this proposal, which could result in the relevant local entity defaulting on its bond obligations. Repealing the taxes providing the revenue stream to support the debt service on previously-issued bonds could negatively impact not only the specific local entity but also the overall municipal bond market.

As discussed above, because the existing state sales tax law is repealed, local sales taxes based on the state sales tax law may also be repealed under the proposal, without a mechanism for the local sales taxes to be replaced. The loss of local sales tax revenues could have similar negative impacts on previously issued bonds financing local development projects. The department will defer to the Department of Revenue for the fiscal impact resulting from the loss of local sales tax revenues.

Officials from the **Department of Elementary and Secondary Education** indicated:

A sales tax high enough to replace the income tax might be detrimental to small businesses. The proposal replaces income tax with a sales and use tax. The language states that the revenue will not be adversely affected. Based on this assumption, the state school foundation formula would not be negatively impacted fiscally. However, the impact of an increased sales tax on purchases within the state is unknown. We defer to DOR in that regard.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated they assume that small businesses will be required to collect this tax, and goods and services sold by small businesses will be more heavily taxed. The impact on small businesses is unknown.

The Home Delivered Meals Trust Fund, which funds some home delivered meals for eligible Missouri seniors, receives revenues from a check-box on Missouri income tax forms. As a result of the elimination of income tax in Missouri, and the forms to file those tax returns, there will not be an opportunity for Missourians to donate to the Home Delivered Meals Trust via the check-box donation. The check-box is not the only source of revenue for this fund, but there may be a reduction in the amount of revenue collected.

There may be a reduction in the amount of revenue deposited to the Home Delivered Meals Trust Fund, and consequently, a reduction in the amount expended for home delivered meals. This is not the only source of funding for home delivered meals, therefore the impact will not be significant.

Elimination of the tax credit to make a principle dwelling accessible for an individual with a disability and the Shared Care tax credit could result in an increased number of individuals utilizing Medicaid-funded long-term care services, by either entering a nursing facility or utilizing Home and Community-Based Services.

Section 1(b)(1) of the proposed initiative petition repeals "Any law enacted by the General Assembly that imposes a tax for state purposes that is on or measured by income or earnings...." The Home Delivered Meals Trust Fund, which funds some home delivered meals for eligible Missouri seniors, receives revenues from a check-box on Missouri income tax forms. As a result of the elimination of income tax in Missouri, and the forms to file those tax returns, there will not be an opportunity for Missourians to donate to the Home Delivered Meals Trust via the check-box donation. A total of \$69,026 was collected in FY 2009, \$59,504 in FY 2010, and \$56,336 in FY 2011. Using a three-year average of collections, DHSS assumes an unknown reduction in revenue, up to \$61,622 $[(69,026 + 59,504 + 56,336)/3]$ in the Home Delivered Meals Trust Fund. Since there is also revenue from civil monetary penalties deposited in this fund, the department does not anticipate any significant decrease in the number of home delivered meals distributed to eligible Missouri seniors. Since the changes to the tax structure will not go into effect until calendar year 2014, DHSS assumes this funding would not be impacted until FY 2015.

The proposed initiative petition does not address tax credits, with the exception of Property Tax Relief and Homestead. Therefore DHSS is not able to determine how this would affect the Shared Care tax credit established within the department.

Repealing the Missouri income tax and replacing with a sale and use tax may affect the amount of revenue collected and deposited in the General Revenue Fund. The department defers to the Office of Administration regarding the overall impact this would have to the state.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to the department.

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** provided the following comments.

Section 1(a), (b) and (c) of the proposed Initiative Petition 11-64 would appear to limit the taxing power on income or earnings exercised by the Missouri General Assembly for state purposes, and by counties and other political subdivisions.

For tax years beginning on or after January 1, 2014, Section 1(d) of Initiative Petition 11-64 appears to repeal all sales and use taxes and exemptions, except taxes on alcohol, aviation fuel, insurance products, tobacco, and any taxes imposed by Article IV, Sections 43(a) and 47(a), or any taxes provided for by Article IV, Section 30(a), and exemptions thereto.

The Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Section 47(a) of the Missouri Constitution.

It appears Section 1(d) of Initiative Petition 11-64 would allow for the conservation sales tax, the soil and parks sales tax and the motor vehicle fuel tax to remain unchanged. If that is the intent, then for purposes of this fiscal note, the department would not anticipate a direct fiscal impact from this provision.

If that is not the intent of this proposal and the department's parks and soils sales tax is eliminated as a result of this proposal, then there would be a significant fiscal impact to the department. Funding would have to be sought to replace the monies currently collected from the department's sales and use tax pursuant to Section 47(a) of the Missouri Constitution. The department assumes the Department of Revenue would be better able to estimate the potential fiscal impact.

This proposal would also appear to change sales tax exemptions. Currently, the State of Missouri is a tax-exempt entity. It is unclear how this would affect the department. If the department is required as a result of this proposal to pay the newly created sales tax on all goods and services, then there could be a significant unknown fiscal impact to the department. Each state agency's operating budget could increase substantially. The department assumes the Office of Administration would be better able to estimate the amount of fiscal impact from this provision for each department.

Effective January 1, 2014, Section 1(h) would set the tax levied under Sections 43(a) and 47(a) at the new rate established Section 1(c). It appears that the intent of is to allow for the conservation sales tax and the soil and parks sales tax to be recalculated to produce substantially the same amount of revenue for the 2015 as the amount received on average annually in fiscal years 2008-2012. However, on and after January 1, 2016 the sum of the conservation sales tax, the soil and parks sales tax and the new sales tax rate established in Section 1(c) could not exceed 7%. If that is the intent, then for purposes of

this fiscal note, the department would not anticipate a direct fiscal impact from this provision.

If that is not the intent of this proposal and the department's parks and soils sales tax is eliminated as a result of this proposal, then there would be a significant fiscal impact to the department. Funding would have to be sought to replace the monies currently collected from the department's sales and use tax pursuant to Section 47(a) of the Missouri Constitution. The department assumes the Department of Revenue would be better able to estimate the potential fiscal impact. It should also be noted that the average revenue received for the conservation sales tax and the soil and parks sales tax received in fiscal years 2008-2012 might not reflect an adequate picture of those revenue streams due to economic downturn during that period.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$130,790 for fiscal year 2013, \$16,521,283 for fiscal year 2014, and \$12,943,740 in fiscal year 2015.

This Initiative Petition will have an Information Technology impact of \$35,616. The value of the level of effort is calculated on 1,344 FTE hours.

This Initiative Petition will have the following staffing impact:

Sales Tax:

- This legislation will have a significantly larger impact on the department if the department is required to collect the tax from the person consuming, using or storing the tangible personal property or taxable service.

Personal Tax:

- For FY 13– Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 16- Personal Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 17– Personal Tax will retain 100% of existing staff for the first six months to continue the processing and collection duties of individual income tax. For the last six months of FY 17 Personal Tax will retain 81% of existing staff (108 FTE out of 134 FTE) for processing and collection duties of individual income tax. Personal Tax expects late filing and amended returns for Fiduciary Income Tax and Property Tax Credits.
- For FY 18- PT will retain 81% of the existing staff (108 out of 134) for processing returns, amended returns, and outstanding collections.

- Personal Tax will move employees to replace the temporary employees hired in business tax on a one-for-one basis.
- If the department is required to administer the program created in Section 6(a)(1), it will need two (2) additional Revenue Processing Technician I (Range 10, Step L) and four (4) temporary employees to key applications.

Collections and Tax Assistance (CATA):

- Including services as a taxable product will greatly expand the types of businesses that will need to register for sales/use tax.
- Presuming the number of businesses required to register for sales tax doubles, CATA could see the following impact:
- FY13 - No impact
- FY14 - Based on the assumption that the number of businesses will double, CATA will need an additional 150 temporary employees. Training will begin in October of 2013.
- FY17 - Anticipate CATA could reduce 15% of the temporary employees due to a decline in income and withholding staff requirements.

Withholding Tax:

- For FY 13– Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 14- Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 15- Withholding Tax will retain 100% of existing staff to continue the processing and collection duties of individual income tax.
- For FY 16- Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) to continue the processing and collection duties of withholding tax. The remaining FTE will be moved to the Sales Tax area to replace temporary employees hired in the business tax area on a one-to-one basis.
- For FY 17- Withholding tax will retain 46% of existing staff in the Withholding Tax Section (6 out of 13 FTE) to continue the processing and collection duties of withholding tax.

Sales Tax:

- The department must recalculate local sales tax rates and publish those rates by September 1, 2013. It will need to hire an economist in fiscal year 2013 to begin working on the adjusted rates.
 - One (1) Economist (Range 30, Step Q) to perform rate calculations per Section 1(i)
- The following impact is based upon the assumption that the workload for sales/use tax will double because of the additional filers. Based upon FY09 program costs, which include processing, correspondence, error correction, refunds, etc., business tax will need an additional 92 temporary employees for sales/use tax.
- The department assumes that the new sales tax would go into effect January 1, 2014, and current staff responsible for withholding tax and personal tax will not be available for reallocation until fiscal years 2016 and 2017. Even then, it may be only a fraction of the

employees. Therefore, temporary staff will be needed until the current staff can be reallocated.

- FY 12 – No impact
 - FY 13 – No impact
 - FY14 – Business tax will need 92 temporary employees. Training will begin in October of 2013. These would be temporary employees who receive no benefits.
- If the number of new filers should more than double, then the amount of additional resources will increase proportionately.

Field Compliance:

- In fiscal year 2010, Field Compliance conducted 2,350 sales and use tax audits. In order to conduct approximately 4,700 sales and use tax audits, it will be necessary to double our audit enforcement staff. This will require additional in-state and out-of-state personnel. Currently, Field Compliance has 160 assigned positions with an approximate payroll of \$7.4 million. The addition of 160 new positions will increase Field Compliance to 320 positions and a payroll of approximately \$14 million.
- Each in-state and out-of-state facility will need to be moved to accommodate the increase in personnel. The estimated cost for this will double fiscal year 2010's amount of \$450,000 to \$900,000.

Legal Services:

- For FY 12 No impact
- For FY 13 No impact
- For FY14 - Based on the presumption of doubling the number of businesses licensed to collect and remit sales tax, there will be a substantial increase in the caseload. The income tax cases will decrease over time, but they will continue for the next few years. Legal services will need to add four additional attorneys and two support staff.

DOR officials provided the following comments and concerns on this initiative petition:

Eliminating the income tax would not "eliminate" the filing of returns. Individual income tax filers will file their 2015 calendar year returns after January 1, 2016. Individuals would continue to file amended returns for years to come and the department will continue collection methods on under-reported and non-filed periods ending prior to January 1, 2016.

The department is not clear whether the state would have the authority to require sellers to collect the new sales tax. The legislation does not have similar language to the current sales tax statute which imposes the sales tax for the privilege of engaging in business. Nor does it have a definition or requirement that a "vendor" collect the tax much like the use tax statute does. Changing the collecting and remitting responsibility from sellers to purchasers would dramatically reduce the percentage of tax that the department is able to collect.

The proposal repeals individual income tax as of January 1, 2016. Because there would be no individual income tax filing requirements for tax years beginning January 1, 2016, this would prevent individuals from redeeming credits that have been carried forward to tax years 2016 and beyond.

Without further action by the general assembly, most local taxing jurisdiction's sales taxes could be effectively repealed. Right now most local jurisdictions' statutes permit them to impose a sales tax upon all transactions "subject to sales tax under chapter 144" (or something very similar to that). There are at least 1,267 jurisdictions (whose taxes are administered by the department) that could be affected by this proposal.

When the individual income tax is eliminated, the department will not have access to individual income tax information from the IRS to identify individuals that did not file or that underreported income in years before 2016, and will not be able to use IRS information to validate property tax credit claims or as a collection tool.

When the individual income tax is eliminated, the department will not be able to participate in the treasury offset program, and may lose millions of dollars each year in offsets.

Section 1(a) Income-based taxes are phased out and tax is to be collected at a rate of 7% to offset the revenue loss.

Section 1(b) The tax measured on the income or earnings of individual is repealed as of January 1, 2014, except as provided in Section 1(c), which establishes a tax on income of not more than three percent. It is not clear if the tax rate is the only component of the current tax on individuals that is repealed, or if all other modifications, deductions, an exemptions provided to individuals under Chapter 143 are also repealed.

Section 1(c) The general assembly shall enact new property tax relief no later than January 1, 2016, beginning in January 1, 2012. It is not clear if this is intended to be a retroactive relief in addition to the existing property tax credit. This provision should be clarified.

Section 1(d) The amendment eliminates laws imposing sales and use taxes and exemptions thereto. Chapter 144 has provisions for the collection of such taxes, refund of such taxes, and enforcement of the state's rights with respect to such taxes.

Section 1(e) Various rates are established in this subsection, but the tax base is left undefined. There is no provision that defines the retail sale price or purchase price, and that the tax would be imposed on that amount. There is no empirical basis to suggest the increase in the sales tax rate to 7% will offset the loss in individual income tax revenue.

Section 1(f)

(6) The term "pharmaceuticals" is vague and will generate litigation. This appears to tax any reimbursement of pharmaceuticals and medical services or those

pharmaceuticals or medical services that could be recouped by insurance companies, but may not be. This will cause added confusion for pharmacies and other medical services providers about when tax should or should not be imposed. Many pharmacies have indicated they are not able to collect sales tax from insurance companies.

(8) The term "tuition and fees . . . for educational services" is vague and will generate litigation. The term appears not to exempt from tax some fees paid to universities, such as recreational center fees.

(10) The department recommends defining the term "consolidated earnings."

(11) The terms "agricultural trade" and "agricultural business purposes" are vague and will generate litigation. This exemption is broader than just exempting farmers from sales and use tax, as it includes all related industries, including potentially industries such as meatpacking and agricultural shipping.

(12) "Sales of materials...not for resale or leasing" is vague and will generate litigation. The Department of Revenue is currently involved in litigation regarding a similarly worded current tax exemption. The exemption has been broadly construed by the Supreme Court.

(13) This exemption is very broad and will generate litigation.

(14) "Other similar intangible personal property" is vague and will generate litigation. The term may include complicated investment tools such as credit default swaps, mortgage-backed securities, foreign currency swaps, forward rate agreements, and other financial instruments generally not purchased by those most affected by the tax proposed in the amendment.

(15) "Held exclusively for investment purposes" is vague and will generate litigation.

(19) This exempts the purchase of any tangible personal property by a common carrier in interstate air transport even if the TPP is not used in interstate air transport.

Section 1(j) This proposal provides the department shall bear the burden of proof in all legal proceedings. Currently, Section 136.300 is understood to apply only to proceedings before the Administrative Hearing Commission (ACH). In actions in circuit courts to enforce assessments that have become final or were upheld at the AHC or Supreme Court, the department does not have the burden of proof, because the administrative judgments are considered to have finality. The proposal requires the department to bear the burden of proof in all legal proceedings, even possibly those where the taxpayer has already litigated the issue and lost. Additionally, section 136.300 specifically states the burden of proof does not lie with the department with respect to the applicability of any tax exemption or credit. The initiative petition does not similarly shift the burden for exemptions and credits. This may force the department to prove that a taxpayer is not

entitled to an exemption or credit. Instead, a taxpayer could just claim a credit, but would not be responsible for actually proving it was entitled to it.

Section 6(a)(1) This creates a program similar to the Homestead Preservation Program which has expired. The Department of Revenue administered that program, but it is not clear if the Department of Revenue would be involved in the program created in this Section.

Officials from the **Department of Public Safety** indicated they assume that this initiative petition will have no direct fiscal impact on their department. To the extent that the result of this initiative, if approved by the voters, results in less General Revenue for the State of Missouri, then there may be a negative fiscal impact to the department in that the budget for the department may be reduced as a result of lower revenues.

Officials from the **Department of Social Services** said they are not in a position to determine the net effect of these tax changes. They provided the following comments:

Income and Sales Tax Provisions – Sections 1(a) through 1(j)

This initiative petition proposes major changes in the state tax structure. The income tax will be eliminated in 2016, causing a greater reliance on sales tax to fund general revenue. The Department of Social Services is not in a position to estimate the net gain or loss to state revenues. If there is a net loss of revenue, the Department of Social Services could be affected. However, the actual impact to the Department of Social Services would depend on how the General Assembly chooses to allocate the total amount of funds available to the state through the appropriations process. The Department of Social Services cannot determine the ultimate fiscal impact to the state or to the department of these tax changes.

Property Tax Provisions – Sections 6(a).1 and 6(a).2

There is a potential for growth to the Blind Pension Fund in the future due to Section 6(a).1. If property tax assessments increase by more than 5% in a general reassessment year, or 2.5% at any other time, certain homeowners will have their property tax assessments reduced. The property owner would see a reduction of 50% on their property taxes for any amount that exceeds the 5% (or 2.5%) threshold based on assessed value. The state is required to reimburse the local government for 75% of the lost property tax revenue. At a minimum, the Blind Pension Fund would lose its share of the 25% of the lost property tax revenue. Since there is no stipulation on how the local government can spend the 75% reimbursement it receives from the state, the Blind Pension Fund could lose its share of the levy on that part of the assessed value as well. DFAS and R & E estimate that the Blind Pension Fund would lose a minimum of .375¢ to a maximum of 1.5¢ for every \$100 that assessed values exceed the thresholds. DSS cannot estimate the total amount lost in the future because the amount is dependent upon assessment practices throughout the state.

Section 6(b).2 allows the general assembly to provide additional property tax relief to homeowners by exempting some portion of a homestead from the payment of taxes. Since this provision is permissive, the ultimate fiscal impact is unknown. However, if such a law is adopted by the General Assembly, it must provide for restitution to the respective political subdivisions of lost revenues.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact.

Officials from **Department of Conservation** indicated these proposals would replace existing income, sales, and use taxes with a tax on sales and services to individuals. Both proposals would expand the items subject to a sales tax but also include a number of exemptions. The department's funding is derived, in large part, from the one-eighth of one percent sales tax provided in Article IV, Section 43(a) of the Missouri Constitution. The provisions contained in Section 1(d) of both proposals would appear to leave intact such sales tax. However, the provisions contained in Section 1(h) of both proposals would require the tax levied under Section 43(a) (as well as Section 47(a)) of Article IV to be recalculated and adjusted to provide an amount of revenue for each fiscal year substantially equal to the amount received on average annually in fiscal years 2008-2012. Consequently, it appears that both proposals would have an impact on department funds, but the extent and nature of the impact is unknown at this time.

Officials from the **Department of Transportation** indicated:

Constitutional amendment replaces all income tax with a 7% sales and use tax on new, tangible personal property and services with proceeds deposited into the General Revenue Fund; except for the proceeds from the 7% sales and use tax on new motor vehicles (MVs) which shall be deposited into MoDOT funds pursuant to article IV, §30(b) Missouri Constitution. Effective date is 1/1/2014 with a sales tax rate of 5% phased-in to 7% on 1/1/2016.

Based on FY2011 MV sales and use tax revenue with annual growth rates ranging from 2% to 3%. Also, new car sales will decrease due to removing the tax requirement on used cars. Assumes a trade-in allowance reduces the tax burden.

Loss of current sales and use tax revenue from the sale of both new and used MVs. Replaced with a new 7% MV sales and use tax imposed only on the sale of new MVs.

Fiscal Year
(In Millions)

Negative impact from repeal of the current sales and use tax revenue imposed on the sale of new and used MVs:

<u>Entities/Funds</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
MoDOT - State Road Fund	(83)	(171)	(174)	(174)
MoDOT - State Road Bond Fund	(52)	(106)	(109)	(109)
MoDOT - State Transportation Fund	(1)	(3)	(3)	(3)
Cities	(11)	(23)	(24)	(24)
Counties	(7)	(15)	(16)	(16)
DOR - Cost of Collection	(5)	(10)	(10)	(10)
Total	(\$160)	(\$328)	(\$335)	(\$335)

Positive impact from new 7% sales and use tax imposed on the sale of new MVs:

MoDOT - State Road Fund	41	84	104	124
MoDOT - State Road Bond Fund	26	53	65	77
MoDOT - State Transportation Fund	1	1	2	2
Cities	7	13	33	31
Counties	4	9	22	21
DOR - Cost of Collection	2	5	7	8
Total	\$81	\$166	\$232	\$263

Total impact from IP:

MoDOT - State Road Fund	(42)	(87)	(70)	(50)
MoDOT - State Road Bond Fund	(26)	(53)	(44)	(32)
MoDOT - State Transportation Fund	-	(2)	(1)	(1)
Cities	(4)	(10)	9	7
Counties	(3)	(6)	6	5
DOR - Cost of Collection	(3)	(5)	(3)	(2)
Total	(\$78)	(\$163)	(\$103)	(\$73)

Officials from the **Office of Administration (OA)** indicated the proposed amendment to the Missouri Constitution should not result in additional costs or savings to their office should it be approved by the voters.

These proposals are very similar to proposals 11-58 and 11-59. The new proposals provide different definitions for exemptions of certain sales or services, particularly sales

to manufacturers. These changes would not directly impact the analysis presented in our response to the previous proposals.

OA provided the following comments for 11-58 and 11-59

The proposals are identical, except that proposal 11-58 provides the General Assembly options for additional relief for seniors, as described later in this analysis.

The proposals:

1. Prohibit the General Assembly from levying an individual income tax beginning in 2016.
2. Cap the rate of individual income tax at 3% for the years 2014 and 2015.
3. Replace the existing sales tax for the General Revenue and School District Trust Funds with a new sales tax. The tax shall be on all tangible property and services, with the exemptions described below. The tax shall be no more than 5% (with food at 4%) in 2014. In 2016, the cumulative rate of this sales tax and the existing sales taxes for Conservation and DNR shall be no more than 7% (food at 5.5%), as described in Sections 1(e)1 and 1(h).
4. Provide that the combination of these rates and any local rate not directly approved by voters shall not exceed 10% (Section 1(i)4). It is unclear which local governments may be forced to absorb any shortfalls should the cumulative rate exceed 10% before it is adjusted.
5. Direct the General Assembly to provide a mechanism to replace the existing Property Tax Credit (Section 1(c)3).

Revenues from the state sales tax shall be placed into the state's general fund. However, a portion of these proceeds shall be directed to:

1. The School District Trust Fund (Section 1(e)2)
2. The continuation of a property tax relief program to replace the Senior Property Tax Credit 1(c)3).
3. Conservation, Parks & Soils, and Motor Fuel Funds (Section 1(e)2).

This sales tax shall apply to all sales of goods or services, except the following exemptions:

- Sales and services exempted from the repeal in Section 1(d), including alcohol, fuel, insurance products, and tobacco;
- Previously taxed goods or services;
- Professional services, including accountants, architects, barbers, cosmetologists, embalmers, engineers, funeral directors, lawyers, or real estate agents.
- Sales, leases, or rents of real property;
- Domestic utilities;
- Unreimbursed individual medical costs;
- Child care services;
- Tuition and fees for elementary, secondary, vocational, or higher education;
- Services rendered by an employee for his employer; or to consolidate earnings;
- Property or services used in agricultural business;

- Manufacturing inputs;
- Construction, warehousing; computer, call center, and employment services;
- Stocks, bonds, or other intangible personal property;
- Certain properties held for investment;
- Insurance products and services;
- Railroad rolling stock, barges, and property purchased or stored by common carriers;
- Gambling sales or wagers;
- Sales to municipal governments, businesses, or charitable organizations, if the sales are for the furtherance of those organizations' purpose;
- Purchases made with food stamps;
- Purchases made through the federal women, infants, and children (WIC) program;
- Sales exempted by certain federal laws, or the U.S. or Missouri Constitutions;
- Any exemptions as approved by a two-thirds majority of the General Assembly and the Governor.

Estimating New Sales Tax Collections

The proposal calls for a cumulative 7% sales tax rate on a newly defined sales tax base.¹ However, data that is sufficiently detailed to estimate consumer spending while excluding difficult-to-define concepts such as business inputs, rents, and investment is extremely difficult to access.

BAP estimates the consumption base using a methodology suggested by ITEP, starting with national personal consumption as reported in the US BEA's NIPA tables as reported by the BEA in August 2011,² excluding items that are non-taxable under federal law or under the proposal (such as higher education spending). BAP estimates that around 67.8% of individual health purchases are either not recouped or reimbursed by non-taxable public sources, based on US Dept. of Health and Human Services data from 2009.³ BAP estimates that an additional 2.3% of sales will be untaxed internet purchases, which is one-half the amount of internet purchases identified in recent data from the US Census Bureau.⁴ Finally, BAP estimates the loss due to explicit avoidance activities, such as traveling across state lines, as equal to the estimated loss due to internet sales. MO

¹ Recent literature available on this topic suggests this rate is likely too low. A technical essay available on the Show-Me Institute website suggests a rate of 10-12% would be a revenue-neutral rate under certain conditions. Estimates from other groups, such as the Institute for Taxation and Economic Policy also suggest something greater than 11% is necessary. See for example: <http://www.showmeinstitute.org/publications/essay/taxes/479-income-taxes-vs-sales-taxes.html> ; or <http://www.mobudget.org/files/Determining%20the%20State%20Sales%20Tax%20Rate%20under%20SJR%2029%20February%202010.pdf>

² <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1>

³ http://www.cms.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp#TopOfPage

⁴ http://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf BAP uses the estimate of one-half in recognition that many internet sellers with nexus in Missouri currently remit sales taxes.

expenditures are assumed to be 1.77% of national expenditures, based on MO's portion of personal income in 2010 as reported by the BEA in August 2011.⁵

The calculations presented assume current consumption patterns will remain the same. This is highly unlikely. Changes in income and final prices will impact consumer choices, but the possible effects are unclear, and potentially harmful to the consumption base:

- The proposal changes prices, via a new sales tax, for many products and services including but not limited to food for home consumption.
- According to US Census Bureau data, roughly two-thirds of MO's population lives in a county bordering another state. The potential for retail sales leakage is high since it may be easy for consumers in these counties to seek lower tax rates in other states. The incentive to do so would increase as the price of the product increases.
- The growing use of electronic commerce will dampen the growth of easily taxable consumption. There is evidence of this growth in the US Census data cited above.
- There is a great amount of uncertainty as to the incidence of this tax. In other words, it is not clear which taxpayers will actually pay it. Taken at face value, it appears taxpayers who consume the most will pay the most. However, those with the greatest ability to consume also have the greatest ability to avoid the tax by making their purchases outside state boundaries. In this case, the burden is shifted to the lower- and middle-class families.
- This proposal may adversely impact the federal tax liability of state-wide taxpayers. Currently, state income taxes paid are deductible from federal taxable income. According to the IRS Statistics of Income, an estimated \$3.84 billion in state and local income taxes were deducted in tax year 2009.⁶ (A much smaller amount of sales taxes was also deducted.) This increase in federal taxes might have a detrimental impact on the consumption base.

BAP estimates the consumption base in Table 1. At the rates codified in the proposal, this would generate just over \$5.99B in revenues.

⁵ <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=3>

⁶ <http://www.irs.gov/taxstats/article/0,,id=171535,00.html>

Table 1.

Estimating the Base	NIPA Table	Amount (\$B)
National PCE	2.4.5	10,245.5
Food for Home Consumption (added back at lower rate below)	2.4.5; 27	(659.4)
Net Used Motor Vehicles	2.4.5; 06	(112.4)
Motor Fuel	2.4.5; 36	(280.8)
Alcohol	2.4.5; 28	(106.6)
Tobacco	2.4.5; 44	(94.4)
Professional Services: Accountant	2.5.5; 123	(27.7)
Professional Services: Barber & Cosmetologist	2.5.5; 119	(191.1)
Professional Services: Funeral Director & Embalmer	2.5.5; 126	(19.0)
Professional Services: Lawyer	2.5.5; 122	(96.8)
Utilities	2.4.5; 55	(309.4)
Higher Education	2.4.5; 101	(154.9)
PK-12 Education	2.4.5; 102	(41.4)
Vocational Education	2.4.5; 103	(39.6)
Insurance Premiums	2.4.5; 90	(265.8)
Individual Healthcare (includes nursing homes), not recouped	2.5.5; 39, 43, 50	(1,354.6)
Gambling	2.5.5; 91	(96.6)
Free checking & other financial services	2.4.5; 088	(271.2)
Rental Value of owner-occupied housing	2.4.5; 052	(1,211.9)
Spending by charities on behalf of individuals	2.5.5; 132	(258.9)
Interstate air & ground transportation (not taxable under federal law)	2.5.5; 064	(45.1)
Foreign travel by US citizens	2.4.5; 109	(115.4)
Foreign travel into US	2.4.5; 110	138.2
US taxable base		4,630.7
MO share 1.77%:		81.963
Assume 2.3% loss for internet purchases		(1.885)
Estimate loss for other avoidance activities		(1.885)
Taxable Base excluding Food		78.193
Revenues At 7% Rate		5,473,510,000
Food for Home Consumption (added back at lower rate below)	2.4.5; 27	659.4
Food Stamps (not taxable under federal law)	3.12; 021	(66.5)
Net Food Purchases		592.9
MO Share 1.77%		10.494
Supplemental for Women, Infants, & Children (BAP)		(0.115)
Net Food Purchases		10.4
Revenues At 5% Rate		518,950,000
Total Proposed Sales Taxes		5,992,460,000

Revenues to be Replaced

BAP estimates the revenues to be replaced as in Table 2.⁷ The table includes the repeal of the existing Senior Property Tax Credit, but also includes a replacement for that program. The table includes the replacement of the School District Trust Fund revenues. The table includes replacing the Conservation and Parks & Soils sales taxes, since they are to be included in the 7% cumulative rate. Finally, the table includes the replacement of existing motor vehicle sales taxes; which are directed to highway usage by Section 1(e)2 but also subject to the 7% cumulative rate.

⁷ Revenues are as reported in the SAMII Data Warehouse.

Table 2.

Sources by Fiscal Year	2011
Individual Taxes	5,641,731,318
Individual Refunds	(992,658,828)
Property Tax Credit Refunds	(114,887,118)
GR Sales and Use Taxes	1,809,696,986
Sales Tax Refunds	(49,873,488)
SDTF General Taxes	685,534,055
SDTF Motor Vehicle Taxes	66,256,367
Conservation Taxes	86,056,513
Conservation MV Taxes	9,761,825
Parks & Soils Taxes	68,844,490
Parks & Soils MV Taxes	7,809,470
Motor Vehicles Sales Taxes	181,307,337
Total	7,399,578,927
Circuit Breaker Replacement Program	114,887,118
Revenues to Be Replaced	7,514,466,045
Total Proposed Sales Taxes	5,992,460,000
Difference	(1,522,006,045)

BAP notes that the 7% rate codified in this proposal would leave a revenue shortfall of over \$1.52B when compared to revenue collections in FY 2011. Collections in that year rebounded from FY 2010, but remain well below peak collections in FY 2008. This proposal would not allow for state revenues to recover from the unprecedented declines of FYs 2009-2010.

Property Tax Relief in Proposal 11-58

Section 6(a)1 provides that the General Assembly create a credit against property taxes for qualifying seniors. Those that qualify include those over age 65, with less than 75,000 in income, where their property tax liabilities grow at rates exceeding the specified limits, if the appraised value of that property does not exceed \$400,000. The credit shall be for 50% of the qualifying growth in taxes. The state shall reimburse the counties for 75% of lost revenues. However, any taxpayer that takes relief under this section cannot take the existing Property Tax Credit.

BAP notes that appropriations for the recently expired Homestead Preservation Credit were from \$94,000 to \$3M annually. The proposed program has similar guidelines, and may have similar costs for state and local governments.

Section 6(a)2 provides an additional Homestead Exemption, and the state shall reimburse the local governments for these costs. No additional guidance is given as to the details of this program, therefore, associated costs are unknown.

Impacts on Public Agencies

A shortfall of this nature would jeopardize the state's ability to make payments on its obligations, including those to public schools, hospitals, and public safety providers. This could jeopardize the state's AAA bond rating; a lowered bond rating will cause state costs on future debts to increase. More importantly, severe cuts in state services would be required. The table below lists the largest budgeted areas for FY 2012.

FY 2012 General Revenue Budget (\$M)	
K-12 Education	2,627
Higher Ed Institutions	785
Scholarships	33
State Employee Health Care Plan	234
DMH/DHSS Programs	327
Medicaid	1,743
Corrections	595
Combined Budgets for Depts. Of Revenue, Agriculture, Natural Resources, Economic Development, Labor, Public Safety, and Office of Administration	323

Other Impacts

This proposal effectively eliminates all of the tax credit incentive programs in the state. This would encourage current holders of tax credits who would have otherwise redeemed their credits after 1/1/16 to claim redemptions in an earlier fiscal year. This would have a significant negative cash flow impact in the earliest years of this proposal, placing a further strain on a system in transition that may already be inadequately funded. Additionally, the state could not honor existing agreements for "streaming" tax credits authorized to be issued after 2016, such as the Low Income Housing Tax Credit. According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between \$628M (credits already issued) and \$2.32B (credits authorized but not issued). DED, DOR, and other agencies that administer tax credits can better address the impacts of the loss of those programs.

Because of the reduced points of tax collection, numerous new opportunities for tax fraud may be invented. The DOR can provide a fuller discussion of such issues, the costs that might be incurred to prevent such fraud, and the considerable administrative costs that will be necessary to transition to the new tax system. Conversely, it is likely that taxpayers that are currently evading income taxes will face higher tax payments as a result of this proposal.

The proposal does not directly address motor vehicle sales tax collections, which may be substantially impacted by this proposal. The sales tax rate would be zero on used vehicles, significantly reducing revenues available to MoDOT. This would create a strong incentive for consumers to forgo purchases of new vehicles, which would further

adversely impact funding for road construction and maintenance. MoDOT can provide a fuller discussion of such issues.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Eliminating income taxes could include elimination of the Non-resident Athletes and Entertainers tax and subsequent disbursement of funds to public libraries and other "cultural partners" as authorized in RSMO 143.183. Based on current revenue estimates from the Missouri Department of Revenue, collectively libraries could lose up to \$3,150,000 (10% of collected non-resident income tax revenue) annually if this tax is eliminated.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from **Jasper County** indicated they do not know what the financial impact will be if this proposal were adopted, but they do think the proposed tax rates will not produce the revenue that is currently being produced by the existing tax structure. They think the rate would have to be considerably higher which could put the state in a less than competitive environment with their neighboring states resulting in a loss in sales and therefore lost revenue. The fact that county and city sales tax rates under this proposal would be re-computed to reflect a certain level of revenue could place them in the same situation especially if they are located on the border with other states. The effects that this proposal could have on both state and local revenue are both unknown and unpredictable at best but they think there is more of a chance of lost revenue than a gain in revenue or revenue staying the same.

Officials from the **City of Jefferson** indicated the fiscal impact on the city should this petition become law is unknown.

Officials from the **City of Kirkwood** indicated there is no way for the city to assess the cost impact. In principal the city would not support it because of its progressivity and impact on the low income.

Officials from the **City of Raymore** indicated there will be no fiscal impact.

Officials from the **City of St. Joseph** indicated the Property Tax Relief changes would, most likely, reduce revenues from property tax levies. It isn't possible to calculate the amount since the information needed to do such calculations aren't available to the city.

Officials from the **City of St. Louis** indicated:

The elimination of the state tax on income and earnings also eliminates tax credits that have been utilized as incentives for development within the city.

Use of Tax Credits has been critical to the revitalization of the City of St. Louis, specifically downtown. Since 1998, **Brownfield Remediation Tax Credits** have been essential in catalyzing over 97 projects; \$130 million in Brownfield Remediation Tax Credits have leveraged over \$2.58 billion in other funds. Additionally, over 12,000 jobs were projected as a result of these projects. (Source: Missouri Dept. of Economic Development 7/15/2010)

Since 2000, approximately 75 **large-scale projects were aided directly by the use of State Historic Tax Credits, leveraging over \$2.8 billion in private investment. These large-scale projects** created over 5,600 jobs for completed projects, with another 1500 jobs anticipated to be created by projects currently underway. Again, these are rough estimates and only contemplate the impact of the historic tax credit on large projects. It does not contemplate the hundreds of smaller projects that would not have been possible without the tax credits - projects which also represent significant investment and job creation.

The low-income housing tax credit has also leveraged significant investment in the City, particularly on the north side. Quick data is not available for this impact, but it is significant. The point here is that without the tax credits as an incentive these projects, jobs and investment would not have happened. Eliminating the tax credits and income tax essentially halts redevelopment in the urban core. No income tax essentially eliminates the buyers of credits.

While the proposed legislation provides for replacement of existing local sales tax revenues with a new local consumption taxes at rates to be determined by the state DOR, the process for achieving tax neutrality is unclear, creating uncertainty with the existing sales tax base of \$150M.

All existing local sales and use taxes are applied to receipts from the sale at retail of all tangible personal property or services as currently defined in Chapter 144 R.S. Mo. By eliminating the provisions of this chapter on the state level the foundation for the imposition of the sales and use taxes on the local level becomes uncertain. The proposed initiative does provide that the Mo. Dept. of Revenue impose a new rate for local jurisdictions to replace the existing sales tax revenues. However, the method and practicality of establishing a rate that achieves revenue neutrality from an unknown base is unclear. The provision also establishes the targeted new revenue base as the average of receipts from the previous five years prior to January 1, 2014, thus depriving the city of any growth in the intervening period.

City of St. Louis Sales and Use Tax Revenues

	<u>FY10</u>	<u>FY11</u>	<u>FY12p</u>	<u>FY13p</u>	<u>FY14p</u>
City Sales Taxes					
General Fund	45,530,000	46,000,000	46,460,000	46,692,000	46,925,000
Capital Fund	16,540,000	16,450,000	16,615,000	16,698,000	16,781,000
Public Safety Sales Tax Fund	16,207,000	16,581,000	16,900,000	16,985,000	17,070,000
Local Parks Fund	4,055,000	4,138,000	4,179,000	4,200,000	4,221,000
Regional Parks Fund	1,508,000	1,530,000	1,545,000	1,553,000	1,561,000
Transportation Sales Tax Fund	16,563,000	16,734,000	16,901,000	16,986,000	17,071,000
Metro Sales Tax Fund	8,614,000	16,734,000	16,901,000	16,986,000	17,071,000
TIF Funds	4,186,000	4,229,000	4,271,000	4,292,000	4,313,000
	113,203,000	122,396,000	123,772,000	124,392,000	125,013,000
Local Use Tax					
Local Use Tax Fund	25,449,000	27,200,000	27,472,000	27,609,000	27,747,000
	25,449,000	27,200,000	27,472,000	27,609,000	27,747,000
Total	\$138,652,000	\$149,596,000	\$151,244,000	\$152,001,000	\$152,760,000

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in a drastic reduction in general revenue for the State of Missouri, there may be a fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **Metropolitan Community College** indicated this petition would have an unknown fiscal impact on their college.

Officials from the **Public Service Commission** indicated there will be no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this petition will not have a fiscal impact on their agency.

The Coalition for Missouri's Future provided information as an opponent of this initiative petition.

Overview

Government in Missouri essentially operates with three major sources of revenue:

- The income tax, which is primarily a state source (except for the earnings taxes levied in the City of St. Louis and Kansas City);
- The sales tax, which is utilized by both the state and local governments;
- The property tax, which is exclusively a local government source of revenue (except for the minimal blind pension tax imposed by the state).

The initiative petitions would, in essence, permanently and constitutionally ban the use of an income tax in the future, thereby making Missouri (with a few small exceptions) dependent on only the sales tax for all future revenues. The initiative petitions also ban the use of income-related taxes for local governments; local governments would have only the sales tax and the property tax with which to operate.

The initiative petitions also institute permanent caps on the rates that the state government and combinations of local governments may levy. The state sales tax rate is capped at 7%; the combined local sales tax rates are capped at 3%, a rate well below what many local governments are currently levying.

The initiative petitions also lock into the Constitution the exemptions from this expanded consumption tax, making any future tax revenue increases impossible at both the state and local level (because local governments must tax the same things that the state taxes).

It appears the intent of the initiative petitions is to place both state and local governments in a "Constitutional headlock," locking them into limited revenue sources with Constitutional caps and permanent, Constitutional exemptions. In addition, the initiative petitions lock the state government into revenue levels that are far below current revenues, as the analysis will show below.

Petitions 12 and 13 and Your Analysis of Petitions 10 and 11

We have now had the benefit of reviewing the official fiscal note on petitions 10 and 11 that was released by the Secretary of State yesterday. It appears that your fiscal note for those petitions in part relied on the "top down" economic analysis submitted by the proponents (Mr. Ellinger) and by the Office of Administration. By "top down," we are referring to the use of national GDP data, paring that data down to Missouri, eliminating the specified exemptions from the calculation and then imposing the tax rates contained in the petitions.

The problem with the "top-down" approach is that it assumes that everything in the GDP "bucket" that remains after exemptions is effectively taxed. Yet the petitions really do

not tell us anything about what is taxed and how it is taxed. Rather they focus on exemptions to the tax, and what is not taxed. What is taxed will be a decision of a future General Assembly, somewhat guided by the Constitution if the petitions were adopted.

In our previous submission, we included the tax expenditure study from the Tennessee State Budget, since this proposal is modeled after the Tennessee tax system. In this submission we have also enclosed two pages from the Missouri Tax Expenditure Report that the Office of Administration has prepared under contract by the University of Missouri Economic Policy and Research Center (EPARC).

Please note that many areas of "tax expenditures" (which if taxed would generate the most state tax revenue) for Missouri contained in this report are specifically exempted under the initiative petitions. Also, we would note that for a majority of the areas that might be taxed under the initiative petitions the report shows the tax expenditure data is not available.

While we understand the "top-down" methodology, we would encourage your office to consider what we will refer to as the "bottom-up" methodology outlined herein. By "bottom-up," we would ask you to consider and analyze what Missouri is currently taxing, and how Missouri would expand current revenues by taxing new items or services if the petitions were adopted by the voters.

We have in this submission supplemented our prior analysis of taxes in Tennessee, and would ask you to closely review our revised analysis of Tennessee. While it would appear that the sales tax in Tennessee generates \$6.4 billion in revenue, their tax base is entirely different (and higher) than what would be taxed under Initiative Petitions 12 and 13. This specifically applies to their use of an additional tax (the single article sales tax) and the fact that the motor vehicle sales tax goes to the General Fund in Tennessee, while in Missouri it does not. Also please note that Tennessee would tax water utilities, while Missouri would not under these initiative petitions.

The Methodology

For purposes of this analysis, the work will utilize the final Fiscal Year 2011 net general revenue receipts for the individual income tax and the sales tax, without inflating any of the tax receipts forward.

Impact Of Expanding The Sales Tax Base To Include Food

Missouri does not currently tax food for the \$.03 sales tax that goes into the General Revenue Fund. However, the \$.01 Proposition C sales tax does tax food purchased at retail for home consumption. Therefore, the analysis allows for a calculation of how much additional revenue would be generated by taxing food at the rate of \$.055, as stipulated by the initiative petitions.

The calculation is as follows (in thousands):

Table 1
Revenues Generated By Taxing Food

Sales Tax at 3%--General Fund	\$1,759,822
Sales Tax Revenue Per \$.01 Of Tax	\$586,607
Prop C Sales Tax (including food)	\$716,269
Sales tax generated by taxing food per \$.01	\$129,662
Revenue Generated By Taxing Food At \$.055	\$713,139

It should be noted that while the initiative petitions expand the state tax base to include food, food purchased at retail for home consumption is already taxed by local governments, so expanding the state definition has no impact on local government revenues.

How Much Revenue Is Generated by Increasing The Current Sales Tax To 7% And Taxing Food At 5.5%?

The current Missouri sales tax of 3% generated net sales tax receipts for Fiscal Year 2011 of \$1,759,822,000. Therefore, each penny of sales tax levied generated \$586,607,000 in sales tax receipts.

The following calculation, utilizing the final FY 2011 sales tax receipts and the final receipts from taxing food through Proposition C, illustrates the impact of expanding the current sales tax to 7% and taxing food at 5.5% in 2016, when the changes are fully implemented:

Table 2
Revenue Generated With 7% Sales Tax and Food Taxed at 5.5%
(in thousands)

Current Sales Tax Receipts at \$.03	\$1,759,822
Sales Tax Revenue Per \$01. Of Tax	\$586,607
Increase Rate To \$.07	\$4,106,251
Add Taxation Of Food At \$.055	\$713,139
Total Tax Revenue Without Taxing New Items	\$4,819,390
Less: Conservation Sales Tax	\$89,966
Less: Parks and Soils Sales Tax	\$76,654
Total Tax Revenue At 7% Sales Tax and 5.5% Tax On Food	\$4,652,770

How Do These Revenues Compare To Current Revenues That Would Need To Be Replaced?

Increasing the current sales tax to 7% and taxing food at 5.5% does not generate adequate revenue to replace current revenues that will be eliminated under the initiative petitions. In Fiscal Year 2011, the individual income tax generated \$4,840,299,000 in tax receipts to the General Fund. The current 3% sales tax would need to be replaced by the 7% sales tax, so the amount of \$1,759,822,000 that was the final receipts for FY 2011 must be included in the replacement calculation.

The initiative petitions also replace the 1% Proposition C sales tax, which generated \$716,269,000 in Fiscal Year 2011. Finally, the initiative petitions call for a continuation of a Senior Citizens Circuit Breaker program, which was estimated in the Fiscal Year 2012 Governor's budget to cost \$120,000,000.⁸

In addition to the repealed taxes, any competent fiscal analysis should recognize that there are a multitude of tax credits outstanding that are liabilities of the state. Most of these tax credits are currently taken against the individual income tax. By eliminating the

⁸ Although the earlier nine initiative petitions submitted by Let Voters Decide would have also repealed the corporate income tax, the current two new initiative petitions do not repeal the corporate income tax.

individual income tax, this proposal would limit the ability of tax credit holders to redeem their tax credits.

In earlier submissions in support of the nine initiative petitions previously filed, Let Voters Decide argued that the credits could simply be taken against the insurance premium tax and the corporate income or franchise tax. Since that time, the corporate franchise tax has been repealed by the General Assembly. If one combined the receipts from the insurance premium tax and the corporate income tax, they would have combined receipts of approximately \$377 million. Total tax credit redemptions in FY 2011 equaled \$545 million, including the cost of the Senior Citizen Circuit Breaker.

Even if these credits were taken against the corporate income tax and the insurance premium tax, they are a reduction from revenues that must be accounted for in this discussion. Therefore, the total tax revenues that need to be replaced are:

Table 3
Current Tax Revenues/Programs That Need To Be Replaced
(in thousands)

Individual Income Tax	\$4,840,299
3% Sales tax	\$1,799,822
Senior Citizens Circuit Breaker	\$120,000
1% Prop C Sales Tax	\$716,259
Tax Credits Already Issued/Earned	\$425,000
 Total To Be Replaced	 \$7,901,380

Governmental Death Begins In 2014

While the proponents of the initiative petitions have pushed the ultimate devastation of state and local governments out to 2016, when the whole proposal is fully implemented, the first phase actually happens in 2014, when their manipulation of the tax base shows the true devious nature of these proposals.

In 2014, the sales tax rate goes up 1/3 of the 3% (thereby 33.33%) increase that the proponents ultimately envision will be the increased rate in 2016. However, the income rate is cut in half (or 50%). There is no doubt that state government will be a net loser in 2014, even if one were to believe that these proposals were somehow revenue neutral, which they are clearly not.

In 2014, food could be taxed at a 4% rate, but the Proposition C sales tax already taxes food at 1%, so the net increased rate on food would be a 3% tax rate.

Table 4
Net General Revenue Loss In 2014

\$.01 Increase In Sales Tax Rate	
New Tax Revenue	\$586,607
\$.03 Increase In Tax On Food	\$388,986
 Total Increased Revenue	 \$975,593
 Estimated Lost Income Tax Revenue	
Reducing Income Tax Rate From 6% to 3%	\$2,420,150
 Estimated Net Lost General Revenue In 2014	 <u>(\$1,444,457)</u>

The Greater Imbalance In 2016

The difference between the new revenues generated from a sales tax of 7% on most items and a 5.5% sales tax on food (Table 2) and the revenues that need to be replaced (Table 3) creates a gap of well over \$3 billion, when considering current revenues to be replaced, continuing the Senior Citizen Circuit Breaker, and accounting for outstanding tax credits. The previously submitted nine initiative petitions would have arguably filled some of that gap by taxing things that are not currently subject to state sales tax, such as health care, utilities, child care, and professional services. Those services are specifically excluded from sales taxation by the two new initiative petitions.

The only expanded service that could be identified that would be taxed under the new initiative petitions would be cable and satellite telecommunications providers. It also appears that the sale of advertising would be taxed if authorized by the Missouri General Assembly.

The proponents of the initiative petitions frequently tout that their proposals are based upon the tax system in Tennessee, which levies a sales tax at 7% and a tax on food at 5.5%, similar to these two initiative petitions. Therefore the analysis examined tax expenditures in Tennessee to determine what they exclude from taxation.

Attached is the tax expenditure page from the Tennessee state budget. It appears that virtually all of the tax expenditures in Tennessee (except possibly advertising) are exempted in the initiative petitions. With the exception of advertising (which in Tennessee has a tax expenditure of \$133 million), there are no new revenues to be generated by expanding the services that are taxed under the two initiative petitions. Therefore, the gap between current revenues and the new revenues to be generated by either of the initiative petitions continues to be nearly \$3 billion.

In 2016, the 7% tax rate must also account for the constitutional sales taxes for conservation and parks and soils that are authorized by Sections 43 (a) and 47 (a) of Article 4 of the Missouri Constitution. In Fiscal Year 2011, the Conservation Sales Tax had receipts of \$89,966,000, while the Parks and Soils Sales Tax had receipts of \$76,654,000.

The Impact On Local Governments

The initiative petitions would also cap the local sales tax rate at 3%. Because local governments already tax food purchased for home consumption, and there are minimal expansions of services to be taxed under the initiative petitions, any local governments with a combined city/county tax rate in excess of 3% would have a revenue loss under the initiative petitions. There are a multitude of local governments in the state where the combined city/county tax rate is in excess of 3%, including:

Table 5
Selected Local Governments With Combined Sales Tax Rates Above 3%

<u>County</u>	<u>City</u>	<u>Local Tax Rate</u>
Franklin	Union	4.25%
Lincoln	Troy	3.95%
St. Louis	Clayton	3.95%
Warren	Warrenton	3.75%
Washington	Potosi	4.00%
Platte	Kansas City	3.63%
Jackson	Kansas City	3.50%

Many current local sales taxes have sunset clauses that require a periodic reauthorization by the voters in order to continue the tax. Arguably, the initiative petitions prohibit such reauthorizations, meaning that all current taxes with a sunset provision would effectively end on the date of sunset (unless approved by a 4/7 majority of the voters). Further, it is unclear in the initiative petitions whether any future reauthorization of an existing sales tax would count towards the 3% cap.

The Calculation Of The Local Rate

Section 1(i)(2) of both the initiative petitions state that a new rate shall be imposed by the counties, other political subdivisions and other taxing jurisdictions on sales and services to produce an amount of revenue substantially equal to the amount that was produced by the prior rate of the tax on average in the five years prior to January 1, 2014. However, the calculation of the local rate by the Department of Revenue is based upon a schedule of events that can never happen. Section 1(i)(3) requires the Department of Revenue to provide a new rate to the counties, other political subdivisions and other taxing jurisdictions no later than September 1, 2013. The year 2013 would be included in the five year period, and the calendar year would not be completed by September 1, 2013. Therefore, the Department of Revenue could not possibly perform the calculation

required by this new Constitutional section and give a correct rate to the counties, other political subdivisions and other taxing jurisdictions.

The Tennessee Balancing Act

Proponents of the initiative petitions cite Tennessee as the example of how having only a sales tax and no income tax provides an economic engine for growth. This argument ignores the fact that Tennessee balances its budget with much higher taxes on businesses than Missouri levies, and that trying to replace existing revenues with only a sales tax similar to that in Tennessee would create a dramatic revenue shortfall.

Tennessee has a corporate income tax, but it is called an excise tax. Tennessee has a franchise tax that generates dramatically more than the franchise tax in Missouri (which was recently repealed by the General Assembly). Tennessee imposes an annual "privilege tax" of \$400 on anyone licensed as a professional in Tennessee, from doctors and lawyers to real estate agents. Tennessee levies a gross receipts tax of 3% on its gas, water and electric utilities. While these taxes would ultimately be paid by consumers, they do not show up as a sales tax, but rather as a gross receipts tax on the utility. In a similar fashion, Tennessee imposes a gross receipts tax on bottlers and on vending machines. Tennessee also has an income tax on interest and dividend income, although the proponents would have you believe that there are no income taxes in Tennessee.

In the aggregate, all of these business taxes add up to over \$2.4 billion, as shown in the table below:

Table 6
Tennessee Taxes On Individuals, Businesses and Professions

<u>Tennessee</u> <u>Tax Type</u>	<u>Estimated FY 2010-2011 Receipts</u>
Income Tax On Interest, Dividends	\$199,500,000
Privilege Tax	\$226,000,000
Gross Receipts Tax--TVA And Other	\$344,700,000
Franchise Tax	\$596,000,000
Excise tax	\$891,400,000
Business Tax	\$157,900,000
Total	\$2,415,500,000

This table clearly shows that Tennessee does not provide services for its citizens with only a 7% sales tax on most items and a 5.5% sales tax on food.

The Tennessee Single Article Sales Tax and Other Tennessee Tax Quirks

The proponents would have you believe that the state sales tax in Tennessee is limited to 7%. This is not true. Tennessee, in addition to the 7% sales tax, also levies a "Purchases of Single Articles" tax of 2.75% (which is a state only tax) on the cost between \$1,600 and \$3,200 of any item of any single article sold. (Pages 14-15, Tennessee Sales and Use Tax Guide, February 2011). Therefore, for every item above \$3,200 in value, the state levies an additional sales tax of \$44, on top of the normal 7% tax rate. This includes such items as automobiles, boats, motorcycles, and bundled software.

In Missouri the motor vehicle sales tax goes to MODOT and not to the General Revenue Fund. In Tennessee the motor vehicle sales tax goes into their general fund, and so an apples to apples comparison with Tennessee would remove the motor vehicle sales tax from the Tennessee general fund receipts.

In Tennessee, all satellite television programming to homes is taxed at 8.25%. Tennessee also taxes cable and wireless services at a rate different than 7%. Cable and wireless charges of less than \$15 are exempt by law. Cable and wireless services of \$15.01 to \$27.50 are taxed at the state rate of 8.25%. Charges of \$27.51 and higher are taxed at the normal state and local rates. (Page 7, Tennessee Sales and Use Tax Guide, February 2011).

Proving Our Analysis Is Correct By Using Tennessee Revenues

The proponents imply that Missouri can replace existing revenues by simply mimicking the Tennessee sales tax system. This simply is not true.

In its Fiscal Year 2011-2012 budget request, Tennessee estimated its Fiscal Year 2011 sales tax receipts to be \$6.4 billion. This is obviously far less (approximately \$1.5 billion less) than the revenues that need to be replaced as outlined earlier in our Table 3. Therefore, if Missouri taxed exactly as Tennessee imposes the sales tax, the state would incur at least a \$1.5 billion shortfall under the proposed initiative petitions.

However, the initiative petitions do not tax in the same manner as Tennessee. For example, the Single Article Sales Tax in Tennessee imposes an additional 2.75% tax on the price between \$1,600 and \$3,200 in the purchase of any single item. Water bills are exempted from the proposed Missouri version of the sales tax, while water bills are taxed at state tax rate of 7% in Tennessee (plus the local tax rate). Satellite television services are taxed at 8.25% state rate, not 7%.

As noted earlier, the motor vehicle sales tax in Tennessee goes to their general fund, while the motor vehicle sales tax in Missouri does not go to the general fund, but rather goes to an earmarked MODOT fund. To compare Missouri to Tennessee sales tax receipts, the Tennessee sales tax receipts need to be reduced by the motor vehicle sales tax receipts.

In Missouri, the motor vehicle sales tax, at a rate of 2.98% (information from Roberta Broeker, Chief Financial Officer, MODOT) generates \$263 million annually to MODOT. (FY 2011 revenues). If we simply inflate the Missouri number to 7% for automobiles and assume that Missouri automobile sales are similar to Tennessee, that calculation would remove \$622 million from the \$6.4 billion Tennessee receipts.

Tennessee tax revenues, for this analysis, should be reduced by those taxes that will not be imposed in Missouri are eliminated from the calculation (Single Article Sales Tax, tax on water bills) or taxed at a lower rate in Missouri (satellite television) than in Tennessee, in order to get an “apples to apples” estimate of revenues. This comparison would then reduce the comparable Tennessee revenues to well below \$6 billion, and expand the shortfall to well in excess of \$2 billion.

Suggested Wording For Fiscal Impact Statement

The Auditor’s fiscal impact statement must advise the public of the dire consequences of these proposed initiative petitions if adopted. The Coalition for Missouri's Future suggests the following language for your consideration:

Eliminates the individual income tax and replaces it with a state sales tax not to exceed 7%, with many constitutional exemptions from the sales tax. Net general revenue will lose over \$1 billion in 2014 and \$3 billion in 2016. State services will be cut to balance the reduced revenues.

Major Tax Exemptions from the Sales and Use Tax
Currently Untaxed Services: Table 1-A

Service/Product Area Exempted	FY 2011-2012 Estimated Loss	
	State	Local *
Administrative and Support Services	\$ 382,900,000	\$ 124,400,000
Collection Agencies and Credit Bureaus	25,400,000	8,700,000
Employment Services	199,600,000	68,400,000
Investigation and Security Services	45,300,000	15,500,000
Mail, Document Reproduction, and Call Centers	18,600,000	5,700,000
Services to Buildings and Dwellings	75,000,000	26,100,000
Construction Services	\$ 764,800,000	\$ 262,200,000
Construction of Buildings	252,000,000	85,700,000
Heavy and Civil Engineering Construction	105,700,000	36,200,000
Specialty Trade Contractors	406,200,000	139,300,000
Educational Services	\$ 45,600,000	\$ 15,700,000
Educational Services (for-profit)	41,000,000	14,100,000
Educational Services (non-profit)	4,600,000	1,600,000
Finance, Insurance, and Real Estate	\$ 280,200,000	\$ 90,200,000
Investment Banking, Securities Brokerage, and Related	91,500,000	31,400,000
Insurance Agents and Related	71,000,000	24,400,000
Real Estate Agents and Brokers	117,600,000	40,400,000
Health Care and Social Services (For-profit)	\$ 779,200,000	\$ 267,100,000
Physicians and Dentists	450,300,000	154,400,000
Other Health Practitioners	53,400,000	18,300,000
Hospitals	89,900,000	30,800,000
Nursing and Residential Care Facilities	85,700,000	29,400,000
Outpatient Care Centers	32,700,000	11,200,000
Medical and Diagnostic Laboratories	25,700,000	8,800,000
Other Selected Health Services	10,800,000	3,700,000
Social and Community Services	30,600,000	10,500,000
Health Care and Social Services (Non-profit)	\$ 480,300,000	\$ 164,800,000
Hospitals	308,000,000	136,500,000
Nursing and Residential Care Facilities	27,900,000	9,600,000
Outpatient Care Centers	27,000,000	9,300,000
Other Selected Health Services	6,800,000	2,300,000
Social and Community Services	20,600,000	7,100,000
Information Services	\$ 59,000,000	\$ 18,400,000
Data Processing Services	24,500,000	8,400,000
Movie Production and Sound Recording Studios	6,500,000	3,400,000
Cable TV Subscriptions (exempt amount)	15,500,000	3,400,000
Newspaper Subscriptions and Sales	12,100,000	4,200,000
Media Advertising Sales	\$ 135,800,000	\$ 46,600,000
Newspaper Advertising	40,200,000	13,800,000
Radio Advertising	20,100,000	6,900,000
Television Advertising (Broadcast and Cable)	75,500,000	25,900,000
Personal Services	\$ 87,900,000	\$ 30,100,000
Coin-operated Laundry	2,900,000	1,000,000
Death Care Services	10,000,000	5,500,000
Diet and Weight Loss	1,800,000	600,000
Hair, Nail, and Skin Care Services	39,200,000	13,400,000
Non-Profit Amusement and Membership Organizations	28,000,000	9,600,000
Professional and Technical Services	\$ 728,600,000	\$ 249,700,000
Accounting, Tax Return Preparation, and Payroll	85,000,000	32,600,000
Advertising and Public Relations	33,000,000	11,000,000
Architectural Services	25,500,000	8,700,000
Engineering Services	154,600,000	53,000,000
All other Architectural, Engineering, and Related	14,800,000	5,100,000
Specialized Design Services	17,400,000	6,000,000
Computer Systems Design and Related Services	48,000,000	16,400,000
Legal Services (profit and non-profit)	166,400,000	57,000,000
Management, Scientific, and Technical Consulting	153,300,000	52,500,000
Scientific Research and Development (profit and non-profit)	30,800,000	7,100,000
Transportation Services (Local Trucking only)	\$ 60,800,000	\$ 20,900,000
Truck Transportation (Local)	60,800,000	20,900,000
Total Revenue Loss	\$ 3,785,400,000	\$ 1,296,100,000

* Local revenue loss calculated based on an average local sales tax rate of 2.40%.

Source: Tennessee Department of Revenue

Exhibit 10
Sales and Use Tax Expenditures
2003-2013

	2003 ⁿ	2004 ⁿ	2005 ⁿ	2006 ⁿ	2007 ⁿ	2008 ^f	2009 ^f	2010 ^f	2011 ^f	2012 ^f	2013 ^f
Personal Exemptions											
Non-Durable Commodities											
B.01 Drugs and Medical Commodities											
Prescription Drugs	131.7	142.3	149.9	161.9	168.5	179.5	184.9	190.3	195.6	201.0	206.3
Nonprescription Drugs	16.7	17.0	18.1	19.6	21.2	22.2	22.7	23.3	23.8	24.3	24.8
B.07 Motor Fuel ⁿ	174.7	214.0	282.0	292.7	377.9	363.6	349.1	335.0	321.5	308.6	296.1
B.25 Lottery Tickets	10.4	11.0	11.6	12.5	13.5	14.2	14.6	15.0	15.3	15.7	16.1
B.31 Food for Home Consumption	196.0	181.2	200.9	181.1	188.2	197.9	204.1	210.4	216.9	223.6	230.8
B.32 Textbooks	3.1	2.9	3.5	3.6	3.6	3.6	3.9	4.1	4.2	4.3	4.5
Services											
B.04 Domestic Utilities	135.1	141.7	157.4	167.1	175.0	183.8	188.1	192.4	196.7	201.0	205.3
A.03a Household Maintenance/Repair	34.9	37.7	40.1	41.7	43.4	45.3	46.5	47.6	48.7	49.9	51.1
A.03b Housekeeping	11.1	11.7	12.0	12.7	13.5	14.0	14.4	14.7	15.0	15.3	15.8
A.03c Apparel	9.1	9.3	9.6	10.2	10.3	10.6	10.8	11.0	11.2	11.4	11.7
A.03d Vehicle Maintenance/Repair	46.0	45.6	47.3	48.9	52.1	54.3	55.7	57.1	58.5	59.8	61.2
B.05 Transportation Fares	33.4	35.4	36.9	38.6	39.6	40.9	41.8	42.7	43.6	44.5	45.4
A.03e Medical Care	712.6	759.6	810.0	857.4	916.7	968.3	994.0	1,019.7	1,045.4	1,071.0	1,096.7
A.03f Personal Care	50.6	55.9	59.7	62.1	64.3	67.6	69.5	71.3	73.2	75.1	76.9
A.03g Other Personal & Educational	457.7	494.3	523.4	553.1	599.9	631.4	647.9	666.4	680.6	697.2	713.7
Miscellaneous											
A.01 Isolated/Occasional Sales	4.4	4.4	4.6	4.8	5.0	5.1	5.3	5.4	5.6	5.8	5.9
B.23 Handicraft Items/Senior Citizen	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Business Exemptions											
Agriculture											
B.06 Fuel Used for Drying Crops	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.09 Agricultural Diesel Fuel	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.10 Farm Machinery and Equipment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.11 Repair Farm Machinery	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.12 Baling Wire, Baling Twine	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.13-14 Feed, Seed, Fertilizer, Pesticides, Etc	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Mining and Manufacturing											
B.16 Replacement Machinery	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.17 New or Expanded Plant	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Figures in millions of dollars; * = Applies to General Revenue Funds Only; NA = Not available; n = Not applicable; l = Less than \$50,000 (Excludes Business Sales)
P = Preliminary numbers; F = Forecasted numbers; R = Revised numbers

Exhibit 10 (continued)
Sales and Use Tax Expenditures
2003-2013

	2003 ⁿ	2004 ⁿ	2005 ⁿ	2006 ⁿ	2007 ⁿ	2008 ^f	2009 ^f	2010 ^f	2011 ^f	2012 ^f	2013 ^f
Mining and Manufacturing											
B.22 Pollution Control Equipment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.24 Anodes	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.26 Electric and Gas for Steel & Cellular Glass	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.33 Drug Research and Development	x	x	x	x	x	x	x	x	x	x	x
Transportation and Utilities											
A.04 Delivery Charges	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.15 Common Carriers-Replacement Parts	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.19 Pipeline Pumping Equipment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.20 Railroad Rolling Stock	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.27 Barge Fuel	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other											
A.06 Custom Design Software	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
A.07 Advertising	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.06 Government Suppliers and Contractors	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.25 Fees Paid to a Municipality	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.29 Bingo Equipment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.30 Tax Exempt Institutions	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Credits											
C.01 Timely Payment	37.3	39.1	38.5	40.9	41.8	40.0	41.2	42.5	43.8	45.2	46.6

Figures in millions of dollars; * = Applies to General Revenue Funds Only; NA = Not available; x = Not applicable; • = Less than \$50,000 (Excludes Business Sales)
P = Preliminary numbers; F = Forecasted numbers; R = Revised numbers

Marc H. Ellinger provided information as a proponent of this initiative petition.

Executive Summary

This document describes four potential scenarios for the future taxable base under our measure if approved by voters. Under the expected scenario, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$180,728,190 and no impact on local government revenue.

Mr. Ellinger said he first estimates the existing sales tax base using data from the Department of Revenue. Reported taxable sales for FY2010 are \$72.2 billion, but these figures significantly overstate the taxable base as they do not account for losses from excluding food sales, food stamp purchases, timely payment discounts and various other exemptions. The effective sales tax base is calculated to be \$59.6 billion FY2010. The effective sales tax base is calculated using data on actual tax collections from the Department of Revenue.

To estimate the tax base under the measure, national accounts from the U.S. Bureau of Economic Analysis are first translated to state accounts using a widely used personal income ratio method and then used to estimate the size of all exemptions in the measure. Next, the total potential taxable base of \$438 billion is derived from the same BEA accounts. Finally, all exemptions are subtracted from the potential tax base to arrive at an estimated tax base of \$111.3 billion in FY2010.

The estimated sales tax base under the measure is projected to have generated \$7,663 million (33.82% of the state's budget) in FY2010. The tax base would have constituted 45.61% of Missouri's Gross State Product in 2010. This compares favorably to other no-income tax states. Data from other no-income tax states that impose a sales tax demonstrate that the measure would be consistent with the experience of those seven states, which generate between 17.45% and 35.15% of their state budgets from state sales taxes (vs. 33.82% projected under the measure), and have effective tax bases between 33.72% and 63.03% of Gross State Product (vs. 45.61% projected under the measure).

Missouri's Net State Income Tax combined with the Senior Property Tax Credit in FY2010 was \$4,434 million out of a total budget of \$22,661 million. Replacing the state income tax under the measure can be conceptualized as increasing the sales tax rate on the existing tax base by 2.775%, expanding the sales tax base, and taxing food at a discounted rate of 5.5%. If the measure was in effect in FY2010, the revenues from these

three sources are projected to have raised \$1,656, \$3,058, and \$437 million respectively for a combined \$5,150 million; far in excess of the needed \$4,434 million.

If approved, the measure would reduce personal income tax rates to 3% starting January 1, 2014 while simultaneously broadening the tax base and raising the sales tax rate to 5%. Two years later, on January 1, 2016, income taxes would be eliminated completely while the sales tax rate would increase to 7%.

To project the fiscal impact of the measure Mr. Ellinger said he constructed four scenarios. The expected scenario assumes no dynamic effects of the measure on economic growth. Scenarios two, three and four examine the impact of faster economic growth expected to result, should the measure be approved. Under all four of the scenarios, Mr. Ellinger said he projects no impact in FY2013 given that no changes happen until January of 2014. In FY2014, under each scenario, the projected fiscal impact on state revenues is positive. Under no scenario does Mr. Ellinger said he projects any impact on local government revenues.

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- Appendix – Revenue Volatility

Current Sales Tax Base

Any rigorous discussion of the future sales tax base must begin with an analysis of the current sales tax base and its composition. The Missouri Department of Revenue publishes reports about taxable sales,¹ providing a good starting point for the analysis of the current tax base. According to the reports available, Missouri's taxable base was \$72.2 billion in FY2010 – calculated as calendar year 2009 Q3 and Q4 + calendar year 2010 Q1 and Q2.

However, the Department of Revenue's report of taxable sales is not an accurate picture as it overstates the tax base of the General Revenue sales tax. The overstatement results from not making deduction for the following (1) food sales are not subject to the General Revenue sales tax,² (2) food stamp purchases are exempt from all sales taxes,³ (3) the state offers a discount to retailers for making timely payments;⁴ (4) various tax exemptions narrow the tax base.⁵ Mr. Ellinger said he believes these items are the major contributors in the Department of Revenue's overstatement of the taxable base, but this list is not exhaustive.

A more appropriate method for calculating the sales tax base is to start with actual revenues collected and using the sales tax rates applicable, to calculate the effective sales tax base. To start Mr. Ellinger said he uses actual taxes collected as reported by the Missouri Department of Revenue and compiled by The State & Regional Fiscal Studies Unit, Research Center at the University of Missouri-Columbia.^{6,7} Reported revenue from "General Sales & Use" taxes for FY2010 was \$1,790,181,500. Mr. Ellinger said he divides this number by the sales tax rate to General Revenue of 3%.⁸ The resulting, "effective tax base" is \$59,672,716,666 or \$59.6 billion.

Since the general sales tax is not levied upon food - the resulting tax base excludes food purchases. To calculate the effective sales tax base including food purchases Mr. Ellinger said he uses actual collected sales revenue dedicated to the Education Trust Fund. This sales tax of 1% is levied upon all taxable sales including food sales and is also often referred to as "Proposition C" sales tax as it was established by Proposition C, passed in 1982 with the approval of 53.2% of Missouri voters.⁹ Sales tax collections for the Education Trust Fund in FY2010 totaled \$676,135,700. Dividing by the tax rate of 1%, Mr. Ellinger said he calculates an effective tax base of \$67,613,570,000 or \$67.6 billion. Since the biggest difference between the General Revenue Sales Tax base and the Education Trust Fund Sales Tax base is the taxation of food for home consumption, Mr. Ellinger said he can estimate the amount of food sales as the difference between the effective tax bases. The data is summarized in the table below.

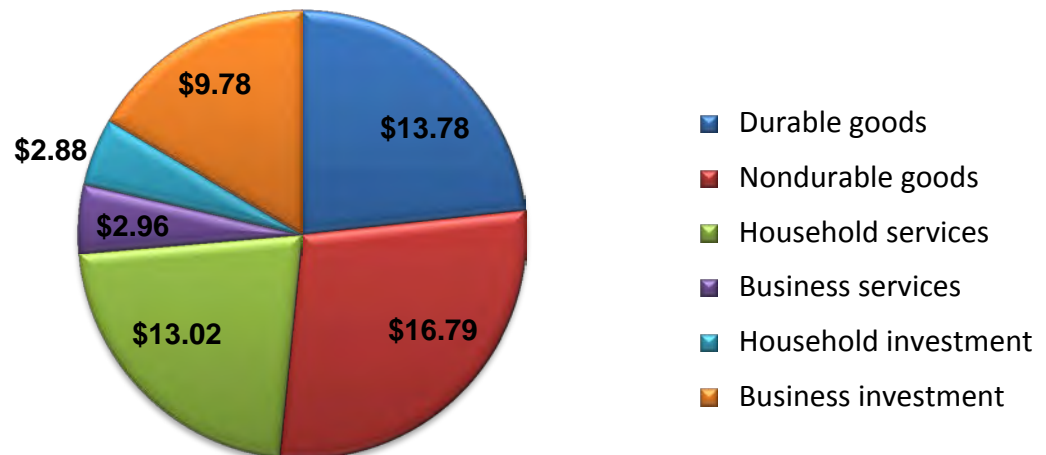
Fiscal Year, nominal dollars (\$ '000)	2005	2006	2007	2008	2009	2010
General Revenue Tax Collections	1,830,038	1,910,620	1,967,200	1,973,768	1,882,210	1,790,182
Education Trust Fund Tax Collections	675,963	712,320	728,240	735,849	701,560	676,136
Effective Tax Base						
General Revenue	61,001,267	63,687,333	65,573,333	65,792,267	62,740,333	59,672,717
Education Trust Fund	67,596,300	71,232,000	72,824,000	73,584,900	70,156,000	67,613,570
Estimated Food Sales less food stamp purchases	6,595,033	7,544,667	7,250,667	7,792,633	7,415,667	7,940,853
General Revenue Sales Tax Rate	3.0%					
Education Trust Fund Tax Rate	1.0%					

As the next step in the analysis of the existing tax base, Mr. Ellinger said he determined the composition of the sales tax base using macroeconomic accounts from the Bureau of Economic Analysis. To do this, Mr. Ellinger said he started from national accounts and

scaled them to the size of Missouri's economy using the ratio of Missouri's personal income to national personal income. This method of mapping national accounts to state accounts is widely accepted and has been used by state governments,¹⁰ universities¹¹ and most importantly, Mr. Ellinger said in his judgment, Missouri's Office of Administration.¹²

In the analysis of the current tax base Mr. Ellinger said he uses the Bureau of Economic Analysis' accounts for "Personal Consumption Expenditures by Type of Product,"¹³ "Private Fixed Investment in Structures by Type,"¹⁴ "Private Fixed Investment in Equipment and Software by Type,"¹⁵ "Government Social Benefits,"¹⁶ and "Intermediate transactions."¹⁷ Analyzing the state statutes and macroeconomic accounts Mr. Ellinger said he estimates the composition of the existing state taxable base using the categories defined by the BEA.

FY2010 Current Tax Base - \$59 billion



[1] <http://dor.mo.gov/publicreports/>

[2] <http://www.moga.mo.gov/statutes/C100-199/1440000014.HTM>

[3] <http://www.moga.mo.gov/statutes/C100-199/1440000037.HTM>

[4] <http://www.moga.mo.gov/statutes/C100-199/1440000030.HTM>

[5] <http://www.moga.mo.gov/statutes/C100-199/1440000710.HTM>

[6] <http://eparc.missouri.edu/Publication/HistTax/Section01/Orp01.pdf>

[7] <http://eparc.missouri.edu/Publication/HistTax/Section01/Orp34.pdf>

[8] <http://dor.mo.gov/business/sales/>

[9] [http://ballotpedia.org/wiki/index.php/Missouri_Proposition_C_\(1982\)](http://ballotpedia.org/wiki/index.php/Missouri_Proposition_C_(1982))

[10] <http://www.green.maryland.gov/mdgpi/1a.asp>

[11] http://www.uvm.edu/giee/genuine/Vermont_GPI_methods.pdf

[12] <http://www.auditor.mo.gov/notes/11-15.pdf>

[13]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=70&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[14]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=151&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[15]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=157&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[16]

<http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=110&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1998&LastYear=2009&3Place=N&Update=Update&JavaBox=no>

[17] http://www.bea.gov/industry/iotables/table_list.cfm?anon=975584&CFID=4715180&CFTOKEN=d79318e0618bf897-DB9C3496-EACA-1C45-C9DA6A15F742E2BD

Projected Future Sales Tax Exemptions

Under the proposed constitutional amendment, all sales of goods and services, unless specifically exempt, are subject to sales tax. Consequently, in estimating the total tax base, estimating the size of the exemptions is crucial. Based on the analysis of the national accounts from the BEA, existing state laws and the language of the proposed constitutional amendment Mr. Ellinger said he derived the size of the total potential tax base and the size of exemptions in the measure. In FY2010, Missouri's share of national personal income was 1.7675%,¹ total gross state product was \$244 billion,² and intermediate transactions between businesses totaled an estimated \$194 billion.³ The data is summarized below.

Definitions:

Intermediate transaction (business to business) – transaction between businesses for goods and services as part of a company's normal operations

Gross State Product – final output of businesses, non-profits and government services

Missouri's 2010 share of national personal income	1.7675%	http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4 table (SA1-3)
Missouri's 2010 reported gross state product	\$244 billion	http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1
Missouri's 2010 estimated intermediate transactions based on BEA input output tables and Missouri's share of national personal income	\$194 billion	http://www.bea.gov/industry/iotables/table_list.cfm?anon=974801&CFID=1567841&CFTOKEN=6d48b48a7e69692a-244C7BF1-E52C-901F-E671492F41AFCA9C
Total potential base	\$438 billion	

[1] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4> table (SA1-3)

[2] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1>

[3] http://www.bea.gov/industry/iotables/table_list.cfm?anon=974801&CFID=1567841&CFTOKEN=6d48b48a7e69692a-244C7BF1-E52C-901F-E671492F41AFCA9C

Projected Future Sales Tax Base

Mr. Ellinger said he has examined the impact of cross border sales on the measure and the effective sales tax base. The available data indicates that cross-border sales are most often relegated to big-ticket items, alcohol and tobacco products.^{1,2,3} It also indicates that most day-to-day shopping is done close to home. Missouri benefits from having the lowest tobacco excise tax in the country and among the lowest alcohol excise taxes of any surrounding state.

The same data reveals that when relocating, households that buy homes and are employed are more likely to live in the state with the lower income tax rate.¹ Since most day-to-day shopping is done close to home, the location of the principle residence benefits from the day-to-day spending. In multi-state Metro areas "with large differences in income tax rates but similar sales and local taxes and measured public services," there is "more pronounced stratification with higher income households living in the state with the lower income tax rate."¹

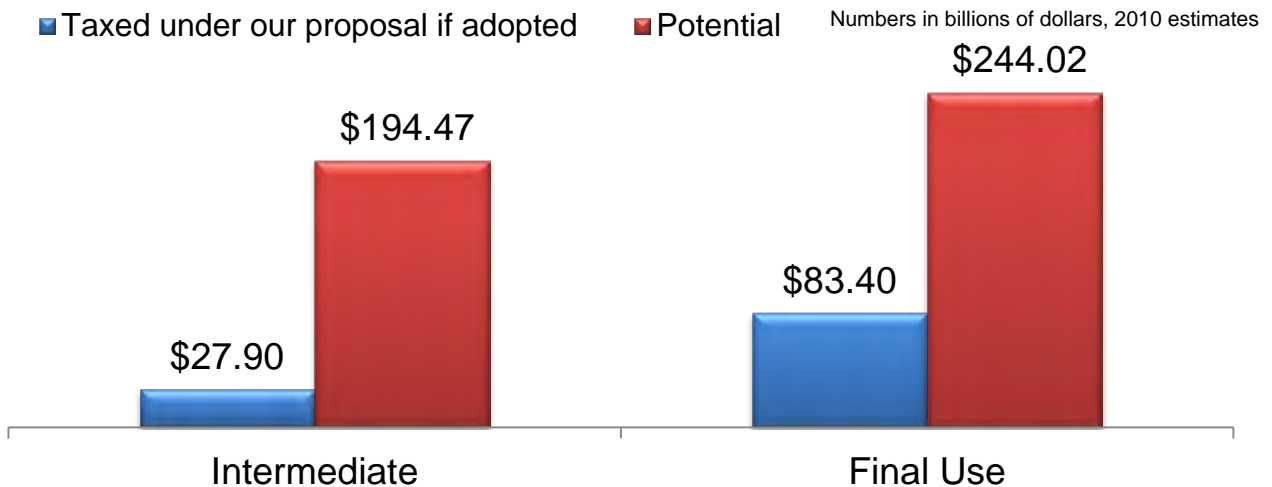
A simple measure of the impact of a higher sales tax rate on cross-border sales can be obtained by reviewing of the number of Wal-Mart locations located inside and on the borders of Missouri (4.225% sales tax) and Tennessee (7% sales tax). The prevailing "wisdom" would be that Tennessee with the highest sales tax rate of any of its neighbors would have fewer Wal-Mart locations within 15 miles of the border. Data from Wal-Mart reveals that the number of stores on the border of Missouri numbers 31 and Tennessee numbers 32. If the higher sales tax of Tennessee was a factor in driving cross-border sales, you would see few stores on the border particularly given the fact Tennessee has fewer total Wal-Mart stores (115) than Missouri (120).

The final indicator that cross-border sales are not a significant impact is firsthand information from Tennessee. The Tennessee State Comptroller provided information to a team of Missouri visitors regarding the issue of cross-border sales or "leakage" as he calls it. Comptroller Justin Wilson dismisses the cross-border impact on Tennessee and provides an almost identical comparison to the situation that exists in Kansas City, streets serving as stateliness, found in the Tri-cities area of northeaster Tennessee. His description of the impact of cross-border sales in Tennessee begins at approximately 00:06:40.⁴ Given the academic studies and empirical evidence, Mr. Ellinger said he views cross border transactions as not altering the basic premises of the models. The available margins of error built into the modeling are expected to account for changes in spending patterns should the measure be adopted.

If the total gross state product and all intermediate transactions were taxable, the tax base would be \$438 billion. Mr. Ellinger said he uses this number as the starting point and subtract exemptions, government, non-taxable items and a margin of error to account for revenue losses due to tax evasion and other forms of tax base erosion. The top ten

exemptions are exempt business-to-business transaction (\$166,576 million), healthcare (\$29,542 million), imputed rental value of owner occupied real estate (non-cash, non-taxable, \$22,057 million), nonresidential real estate (\$7,981 million), rent (\$6,299 million), residential real estate (\$6,064 million), insurance (\$5,616 million), pharmaceuticals (\$5,567 million), utilities (\$5,363 million), motor vehicle fuels (\$5,110 million). Combined, the top ten exemptions totaled \$260 billion dollars while all other exemptions (including government) have been calculated to total \$66.5 billion. In total, all exemptions are estimated to be \$326,706 million. Subtracting exemptions from the total potential tax base results in an estimated FY2010 sales tax base of \$111,294 million or \$111.3 billion. The data is summarized below.

Tax Base \$111.3B w/Measure (\$27.9 + \$83.4)



Top Ten Exempt – numbers in millions of dollars, 2010 estimates

Business-to-business transactions	166,576.76
Healthcare	29,542.80
Imputed rental value nonfarm housing	22,057.00
Real Estate: Nonresidential	7,981.90
Rental	6,299.10
Real Estate: Residential	6,064.20
Insurance	5,616.60
Pharmaceutical and other medical products	5,567.50
Household utilities	5,363.60
Motor vehicle fuels	5,110.70

Also exempt:

Financial services furnished without payment (free checking)	SNAP (Food Stamps)
Industrial and farm machinery	General industrial, including materials handling, equipment
Final consumption of nonprofits serving households	Special industry machinery
Education services (K12, Higher Ed, commercial and vocational)	Nonmedical instruments
New motor vehicles	Agricultural machinery
Social services and religious activities	Electrical transmission, distribution, and industrial apparatus
Gambling	Fuel oil and other fuels
Net purchases of used motor vehicles	Rental (commercial)
Ground, air and water transportation	Fabricated metal products
Medical equipment and instruments	Metalworking machinery
Engines and turbines	Construction machinery
Net expenditures abroad by Missouri citizens	Service industry machinery
Electrical equipment.	Mining and oilfield machinery
Postal services (USPS only)	Food furnished to employees (including military)
Group housing	Food produced and consumed on farms

[1] <http://www.ifiqr.org/workshop/spring09/Hoyt.pdf>

[2] http://www.be.wvu.edu/div/econ/work/pdf_files/05-12.pdf

[3] <http://www.taxfoundation.org/news/show/239.html>

[4] <http://www.youtube.com/watch?v=smHVD9QHnjg>

Sales Tax Bases in Other No-Income Tax States

After calculating the proposed sales tax base, Mr. Ellinger said he performed a similar analysis of existing sales tax bases in no-income tax states as well as the sales taxes collected in the context of state budgets. Mr. Ellinger said he uses data collected by the US Census Bureau^{1,2,3} on state and local governments combined with information from the individual states' departments of revenue.^{4,5,6,7,8,9} The US Census Bureau's data is the most appropriate source Mr. Ellinger said in his judgment because it uses a standardized classification for tax revenues and state budgetary accounts allowing for an accurate comparison between the states. In the analysis Mr. Ellinger said he used the latest data available which at the time of this document's writing was FY2008.

When estimating revenues under the measure, Mr. Ellinger said he has accounted for the fact that fiscal years and calendar years do not cover the same time periods. Fiscal years in Missouri span the last two quarters of the previous year and the first two quarters of the calendar year in which the fiscal year ends. To map between calendar years and fiscal years, Mr. Ellinger said he used data on reported taxable sales from the Missouri Department of Revenue. Mr. Ellinger said he calculated how much of the total sales of a given calendar year occurred in each half of the fiscal year and then used those ratios to calculate the taxes that would have been collected from an expanded sales tax base. In the models, FY2010 captured 50.9774% of sales from calendar year 2009 and 48.4991% of sales from calendar year 2010. Based on the estimated tax bases of \$108.8 and \$111.3 in calendar years 2009 and 2010 respectively, Mr. Ellinger said he calculated total expected tax collection in FY2010 to be \$7,663 million.

Given Missouri's actual spending in FY2010 of \$22,661 million,¹⁰ sales taxes under the measure would have contributed 33.82% of the total state budget, falling within the range of other no-income tax states. Of the nine states that have no income tax, seven have broad sales taxes (Alaska and New Hampshire have neither an income tax nor a state sales tax). In those seven states, general sales taxes as a percentage of total state budgets, contributed between 17.45% in Wyoming and 35.15% in Washington. The data collected give confidence that the estimates are feasible as is the degree of the projected reliance on sales taxes. The data is summarized below.

Projected FY2010 Sales Tax Revenues under the measure: \$7,663 million.

FY2010 Missouri Budget: \$22,661 million.

Projected sales tax revenue as % of state revenues in FY2010: 33.82%

Sales Taxes as % of State Budgets

	Sales Tax Rate	State Budget (\$ '000)	General Sales Tax Revenue (\$ '000)	as % of State Budget
Alaska	0.00%	15,874,933	0	0.00%
Florida	6.00%	67,717,478	21,518,100	31.78%
New Hampshire	0.00%	5,707,224	0	0.00%
Nevada	6.90%	9,398,457	3,077,433	32.74%
South Dakota	4.00%	3,426,159	732,438	21.38%
Tennessee	7.00%	25,178,170	6,832,948	27.14%
Texas	6.25%	98,974,974	21,668,972	21.89%
Washington	6.50%	32,272,827	11,344,622	35.15%
Wyoming	4.00%	5,624,350	981,198	17.45%

Secondly, Mr. Ellinger said he reviewed the estimated effective sales tax bases in all no-income tax states and compared them to the size of their economies to determine how broad or narrow the estimated tax base is compared to those states. Again, Mr. Ellinger said he uses data collected by the US Census Bureau^{1,2,3} on state and local governments combined with information from the individual states' departments of revenue.^{4,5,6,7,8,9} Under the measure the estimated sales tax base in FY2010 of \$111,294 million is equal to 45.61% of the Missouri's gross state product (\$244,016 million) as reported by the US Bureau of Economic Analysis.

The estimated tax base as a percentage of GSP of 45.61% in FY2010 falls within the range of other no-income tax states. These range from 33.72% in Nevada to 63.03% in Wyoming. The data is summarized below.

Projected FY2010 Sales Tax Base under the measure: \$ 111,294 million.

FY2010 Missouri Gross State Product: \$ 244,016 million.

Projected sales tax base as % of gross state product in FY2010: 45.61%

Sales Taxes as % of Gross State Products

	Sales Tax Rate	Gross State Product (\$ '000)	General Sales Tax Revenue (\$ '000)	Effective Sales Tax Base (\$ '000)	as % of GSP
Alaska	0.00%	49,186,000	N/A	N/A	N/A
Florida	6.00%	747,770,000	21,518,100	358,635,000	47.96%
New Hampshire	0.00%	58,780,000	N/A	N/A	N/A
Nevada	6.90%	132,270,000	3,077,433	44,600,478	33.72%
South Dakota	4.00%	38,293,000	732,438	18,310,950	47.82%
Tennessee	7.00%	247,796,000	6,832,948	97,613,543	39.39%
Texas	6.25%	1,202,104,000	21,668,972	346,703,552	28.84%
Washington	6.50%	334,477,000	11,344,622	174,532,646	52.18%
Wyoming	4.00%	38,917,000	981,198	24,529,950	63.03%

[1] <http://www.census.gov/govs/estimate/>

- [2] <http://www2.census.gov/govs/estimate/08slsstab1a.xls>
[3] <http://www2.census.gov/govs/estimate/08slsstab1b.xls>
[4] http://dor.myflorida.com/dor/taxes/sales_tax.html
[5] <http://tax.state.nv.us/pubs.htm>
[6] <http://www.state.sd.us/drr2/businessstax/st/salestax.htm>
[7] <http://www.window.state.tx.us/taxinfo/sales/>
[8] http://dor.wa.gov/docs/forms/ExcsTx/LocSalUseTx/LocalSlisUseFlyer_Quarterly.pdf
[9] <http://revenue.state.wy.us/portalvbvs/desktopdefault.aspx?tabindex=3&tabid=10>
[10] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

Missouri's State Income Tax Relative to Total Budget

The simplest way of thinking about what is needed to eliminate Missouri's state income tax is to look at what amount of revenue the state income tax contributes to total state spending. The revenue from the state income tax that is relevant is revenue net of tax refunds. Secondly, since the measure intends to maintain the Senior Property Tax Credit (PTC), this tax expenditure must be considered. In FY2010, net personal income taxes collected were \$4,315 million while the PTC was \$119 million for a combined total of \$4,434 million. To put this in perspective, total state spending in FY2010 was \$22,661 million. Therefore, the total amount of revenue that would need to be replaced in FY2010 was 19.57% of the state budget.^{1,2,3,4,5}

Conceptually, additional new revenue in the measure comes from three sources (1) raising the sales tax rate from 4.225% to 7% (an increase of 2.775%) on the existing tax base; (2) establishing a 7% tax rate on an expanded sales tax base; (3) establishing a 5.5% tax rate on food sales (less SNAP purchases). In calendar year 2010, these new revenues would have amounted to \$1,656 million, \$3,058 million and \$437 million from sources 1, 2 and 3 respectively.

Mr. Ellinger said he has performed a similar analysis for the years 2005 through 2010 with the data summarized below. Please note that this analysis is presented as only one possible way to conceptualize the replacement of the state income tax. The analysis in the table below is applied retroactively and does not adjust for the overlap of calendar years and fiscal years. A more complete analysis along with forward looking projections is presented in the next section.

Increase in GR sales tax rate on existing base	2.775%				
GR sales tax rate on expanded sales tax base	7.000%				
GR sales tax rate on food	5.500%				
Years, nominal dollars	2006	2007	2008	2009	2010
Projected Sales Tax Base	105,657	109,956	112,750	108,868	111,294
Current GR Sales Tax Base	63,687	65,573	65,792	62,740	59,673
Estimated Food Sales less food stamp purchases	7,545	7,251	7,793	7,416	7,941
Expanded Sales Tax Base	34,425	37,132	39,165	38,712	43,680

Net Personal Income Tax	4,483	4,824	5,110	4,757	4,315
Senior Property Tax Credit	96	93	100	119	119
Total	4,579	4,917	5,210	4,876	4,434
Revenue from increase rate on existing base	1,767	1,820	1,826	1,741	1,656
Revenue from expanding sales tax base	2,410	2,599	2,742	2,710	3,058
Revenue from food sales tax (reduced rate)	415	399	429	408	437
Total	4,592	4,818	4,996	4,859	5,150
Total State Expenditures	\$19,197	\$20,048	\$20,608	\$22,197	\$22,661
Estimated surplus (shortfall) resulting from the measure	\$13	(\$99)	(\$214)	(\$17)	\$716
<i>as % of state expenditures</i>	0.068%	-0.495%	-1.039%	-0.078%	3.161%

[1] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

[2] http://oa.mo.gov/bp/budg2011/Budget_Summary.pdf

[3] http://oa.mo.gov/bp/budg2010/Budget_Summary.pdf

[4] http://oa.mo.gov/bp/budg2009/Budget_Summary.pdf

[5] http://oa.mo.gov/bp/budg2008/Budget_Summary.pdf

Projected Fiscal Impact

Mr. Ellinger said he first estimates future tax revenue if the measure is not adopted, labeling this the baseline case. In estimating the fiscal impact of the measure, Mr. Ellinger said he presents four scenarios. The expected scenario assumes no dynamic effects of the measure on economic growth. The three scenarios that follow estimate the fiscal impact of faster economic growth that is expected to result, should the measure be approved.

Mr. Ellinger said this analysis examines the potential impact of internet commerce eroding the future tax base. The inability of states to tax sales from out-of-state vendors due to the U.S. Constitution's Commerce Clause was established in 1967 by the Supreme Court case of *National Bellas Hess v. Illinois*¹ and later extended in 1992 by *Quill Corp. v. North Dakota*.² The rising importance of e-commerce, the loss of sales tax revenues and competitive disadvantages faced by brick-and-mortar retailers have led to legislative actions to address the issue of tax evasion due to unreported tax from internet sales. Legislation recently signed into law in California and Illinois is just one example of the attempts being made to collect taxes from online sales. While a federal solution overturning *Quill Corp. v. North Dakota* would be the simplest way to stop future tax base erosion due to internet sales, Mr. Ellinger said he believes a variety of state measures, agreements between states and increased enforcement will limit future sales tax losses due to the internet sales.

A widely cited study "State and Local Government Sales Tax Revenue Losses from Electronic Commerce" by the University of Tennessee³ estimates revenues lost by each state due to tax evasion on internet purchases. The study finds loss rates ranging from

0.87% to 5.55% of state revenues due to internet sales with a high degree of variation between states. The study also does not find a positive relationship between losses due to internet sales and states with no income tax. In fact, the average revenue loss estimated by the study for the no income tax states was 3.28% vs. 3.83% for all states in the study. While tax evasion related to internet sales is an important issue, it does not appear to be related to not having a state income tax. Despite losing revenue to internet sales, no-income tax states are outperforming Missouri economically and are able to provide adequate state services to their citizens. While the belief is that e-commerce will grow, a variety of measures ranging from the streamlined sales tax, to changes at the federal level can limit the losses in state tax revenues in the future.

The new property tax relief would apply only in the case of large reassessment events in a home value inflationary environment. It would only be available to those not covered by the existing property tax credit and homestead exemption. Since such an inflationary environment is not reasonably expected and since the number of qualifying individuals is limited, the potential revenue and cost impact is contained within the existing estimates.

In estimating the fiscal impact of the proposed constitutional amendment Mr. Ellinger said he uses 10-year averages for the growth of Missouri's gross state product (GSP), net tax collections as a percentage of GSP and the 10-year average tax base under the measure as percentage of GSP. The assumptions, calculated using data from 2001 to 2010 are summarized below. The expected scenario analysis does not incorporate any projected increase in the rate of economic growth should the measure be adopted. The averages used in the analysis do vary from year to year and are slightly correlated with the economic cycle. They do not however appear to be persistently trending in one direction, increasing the confidence that they are reasonable assumptions to use when estimating the future fiscal impact.

Long term Missouri GSP growth rate (nominal)	3.03%
Net Personal income tax as % of GSP	1.94%
Sales Taxes (GR, Education, Conservation, P/S) as % of GSP	1.23%
Estimated tax base under the measure as % of GSP	46.63%

An alternative, commonly used method of forecasting involves using regression analysis to estimate the relationship between changes in state tax collections and state personal income. Economists forecast the growth in state personal income and then estimate revenues based on the regression models. However, in the analysis of the data for the past 10 years, Mr. Ellinger said he did not find a relationship between changes in Missouri's tax collections and personal income growth that was significant at the 0.05 level. An

analysis of a longer term time series may result in estimating a satisfactory model linking personal income changes to tax revenue changes, however using a longer time series would require adjusting tax revenues to changes in state laws to isolate revenue growth resulting from policy changes versus that which resulted from personal income changes. This more complex analysis is not included in this document.

Using long term averages neglects the impact of the business cycle on changes in tax collections leading to overestimating tax revenues from sources with a below average sensitivity to GSP changes while underestimating those that have above average sensitivity. However, given the state's ability, expressly stated in the Constitution, to smooth out revenue changes over time using the state's Rainy Day Fund as well as the difficulties of accurately forecasting future changes in the business cycle, Mr. Ellinger said he believes that forecasting of the fiscal impact of the measure using 10-year averages is the most prudent approach.

Baseline scenario

All numbers in thousands of nominal dollars		<u>Forecast</u>			
Calendar Years	2010	2011	2012	2013	2014
MO GSP	\$244,016,000	\$251,409,685	\$259,027,398	\$266,875,928	\$274,962,269
Net Personal income tax	\$4,733,910	\$4,877,348	\$5,025,132	\$5,177,393	\$5,334,268
Sales taxes	\$3,001,397	\$3,092,339	\$3,186,037	\$3,282,574	\$3,382,036
Senior property tax credit	\$119	\$119	\$119	\$119	\$119
Total	\$7,735,426	\$7,969,806	\$8,211,288	\$8,460,086	\$8,716,423

Expected scenario

Under the measure, if approved, on Jan 1st. 2014, income tax rates would be reduced by 50%, while the sales tax would be broadened and increased to 5%. On Jan 1st. 2016, income tax rate would be reduced to 0%, while the sales tax rate would be increased to 7%. The measure requires the Department of Revenue to recalculate local sales tax rates given the new tax base to generate the same amount of revenue for the local governments. Therefore, Mr. Ellinger said he assumes no impact on local governments in all of the scenarios.

All numbers in	2013	2014
thousands of nominal dollars		
Estimated sales tax base	\$124,444,245	\$128,214,906
Sales tax rate		5%
Net Personal income tax under the measure		\$2,667,134
Sales tax revenue under the measure		\$6,410,745
Total		\$9,077,879
Baseline scenario		\$8,716,423
Difference		\$361,456

FY2014 covers only Q1 + Q2 of CY2014

FY2013	FY2014
\$ ZERO IMPACT -	\$180,728.19

Under the expected scenario, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$180,728,190 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$360,456,380 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

[1] <http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=US&vol=386&invol=753>

[2] <http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=US&vol=504&invol=298>

[3] <http://cber.bus.utk.edu/ecommm/ecom0409.pdf>

Additional scenarios

Mr. Ellinger said he constructed three additional scenarios to analyze some likely dynamic effects of the measure. The three scenarios evaluate the impact of increased rates of economic growth on the fiscal position of the state.

In constructing the three additional scenarios evaluating increased rates of economic growth expected to result if the measure is adopted, Mr. Ellinger uses the relative growth rates of Missouri's economy as compared to the economies of no-income tax states. The first of the three scenarios uses a modest 0.25% increase in growth rate; the second evaluates what would happen if Missouri's growth rate increased to that of Tennessee (an increase of 0.643%), while the final scenario looks at what would happen if Missouri's growth rate converged to the average no-income-tax state (an increase of 2.085%). While the income tax under the proposal would be phased out, Mr. Ellinger said he believes the once the measure is approved by voters, economic growth rates should increase immediately because of the forward looking nature of investment and capital budgeting by businesses.

Scenario 2

Under this scenario the growth rate of Missouri's economy is increased by 0.25% per year.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	0.25%	0.25%
0.25% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 267,523,497	\$ 276,298,268
Estimated sales tax base	\$ 124,746,207	\$ 128,837,882
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,680,093
Sales tax revenue under the proposal		\$6,441,894
Total		\$9,121,987
Baseline scenario		\$8,679,259
Difference		\$442,728

FY2014 covers only Q1 + Q2 of CY2014

FY2013
\$ ZERO IMPACT-

FY2014
\$221,364.15

Under scenario 2, Mr. Ellinger said he estimate no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$221,364,150 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$442,728,300 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario 3

Under this scenario the growth rate of Missouri's economy is increased by 0.643% per year, matching the experience of Tennessee during the past ten years.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	0.643%	0.643%
0.643% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 268,542,033	\$ 278,406,161
Estimated sales tax base	\$ 125,221,150	\$ 129,820,793
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,700,540
Sales tax revenue under the proposal		\$6,491,040
Total		\$9,191,579
Baseline scenario		\$8,679,259
Difference		\$512,320

FY2014 covers only Q1 + Q2 of CY2014

	FY2013	FY2014
\$	ZERO IMPACT -	\$256,160.20

Under scenario 3, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$256,160,200 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of

\$512,320,400 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario 4

Under this scenario the growth rate of Missouri's economy is increased by 2.085% per year, matching the experience of the average no-income tax state during the past ten years.

All numbers in thousands of nominal dollars	2013	2014
Extra growth	2.085%	2.085%
2.085% per year, starting in 2013		
MO GSP adjusted for increased rate of growth	\$ 272,275,624	\$ 286,201,445
Estimated sales tax base	\$ 126,962,124	\$ 133,455,734
Sales tax rate		5%
Net Personal income tax under the proposal		\$2,776,154
Sales tax revenue under the proposal		\$6,672,787
Total		\$9,448,941
Baseline scenario		\$8,679,259
Difference		\$769,682

FY2014 covers only Q1 + Q2 of CY2014

FY2013	FY2014
\$ ZERO IMPACT -	\$384,840.85

Under scenario 4, Mr. Ellinger said he estimates no fiscal impact on state government revenue in FY2013 and no impact on local government revenue. In FY2014, he estimates a positive fiscal impact on state government revenue of \$384,840,850 and no impact on local government revenue. In terms of Calendar Years, he estimates no fiscal impact on state government revenue in CY2013 and no impact on local government revenue. In CY2014 he estimates a positive fiscal impact on state government revenue of \$769,681,700 (or double the first two quarters of 2014 in the FY2014 calculation) and no impact on local government revenue.

Scenario summary

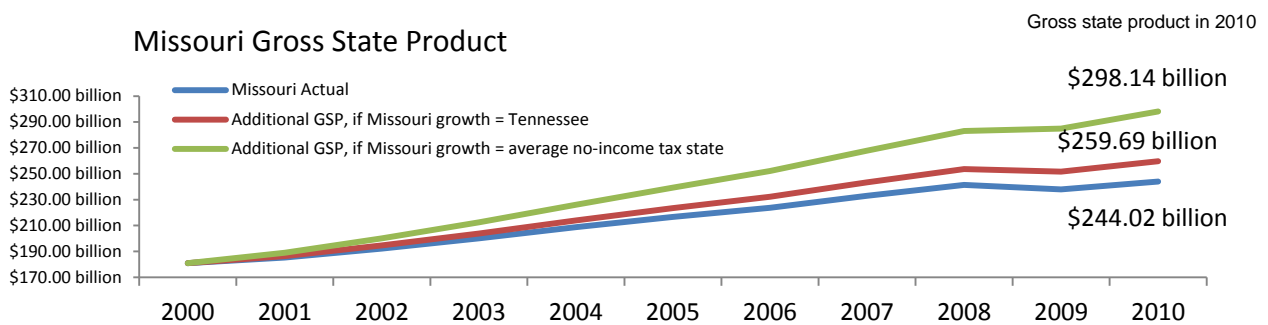
	FY2014 impact, thousands	FY2014 impact, thousands vs. expected scenario
Expected scenario	\$180,728.19	\$ N/A
Increased growth rate by 0.25%	\$221,364.15	\$40,635.96
Increased growth rate, match TN	\$256,160.20	\$75,432.01
Increased growth rate, match no-income tax state average	\$384,840.85	\$204,112.66

Appendix – Economic Performance of No-Income Tax States

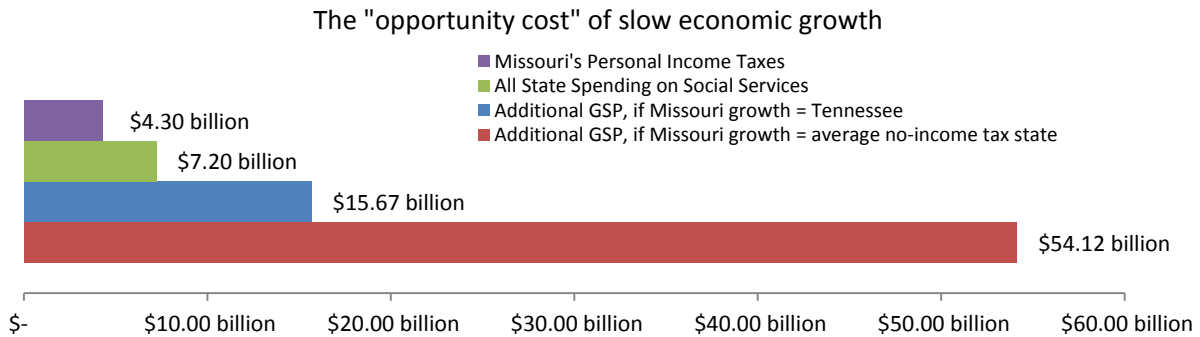
During the time period 2000-2010, Missouri's economic growth ranked 48th amongst all state according to the U.S. Bureau of Economic Analysis,¹ with only Michigan and Ohio performing worse. Missouri's slow economic growth is not a temporary phenomenon. In every decade since the data has been collected by the BEA, Missouri has grown significantly slower than neighboring Tennessee.

Nominal GDP Growth Rank	1970s	1980s	1990s	2000s	1963-2010
Missouri	43	42	29	48	43
Tennessee	25	32	14	36	20

Poor economic performance compounds over time, making what at first appears small add up to billions of dollars of lost potential income and government revenue. If Missouri's growth rate matched Tennessee's over the past decade, Missouri's economy would have been significantly bigger today. Given some of Missouri's advantages over Tennessee such as a more highly educated workforce, Mr. Ellinger said he believes Missouri's growth rate could be even higher and potentially match that of the average no-income tax state. The chart below depicts what would have happened to Missouri's Gross State Product under the aforementioned growth rates.



If Missouri's economic growth matched that of Tennessee, our economy and state budget would have been \$15.67 billion and \$1.46 billion larger, respectively. If Missouri's economic growth matched that of the average no-income tax state, our economy and state budget would have been \$54.12 billion and \$5.03 billion larger, respectively. For comparison, in FY2010, all state spending on social services totaled \$7.2 billion, while all personal income tax collected totaled only \$4.3 billion.² In the calculations Mr. Ellinger said he assumes no change in the size of government relative to the size of the economy (currently 9.3%).

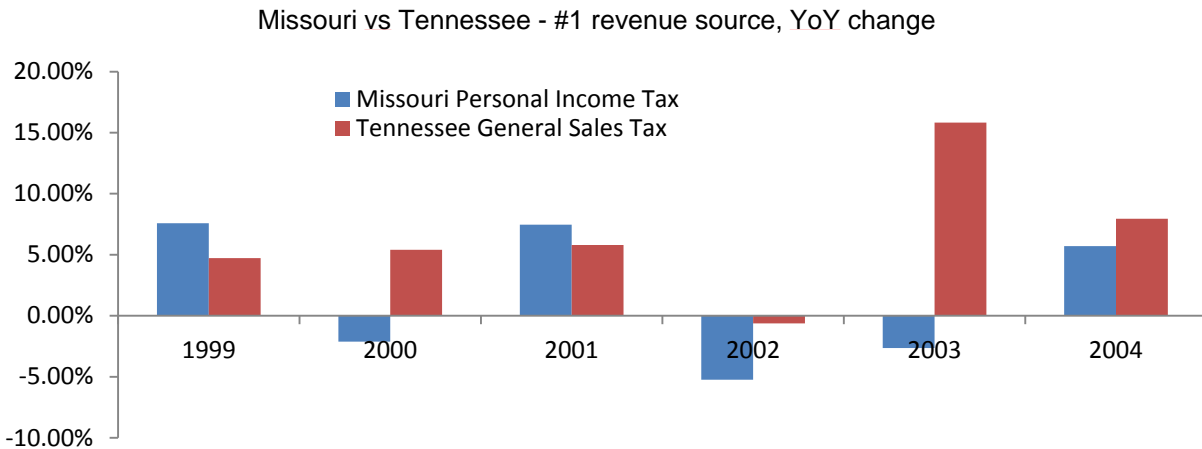
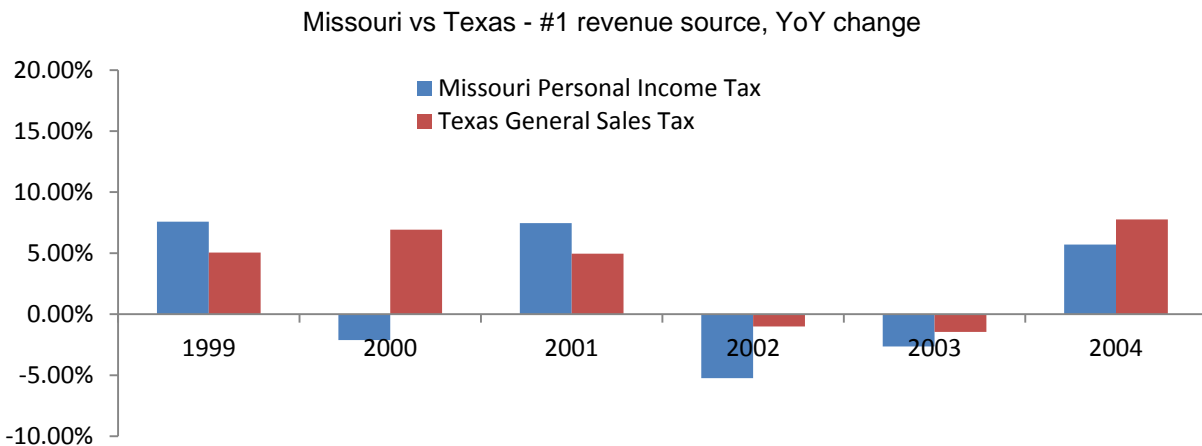


[1] <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1>

[2] http://oa.mo.gov/bp/budg2012/Budget_Summary.pdf

Appendix – Revenue Volatility

The modeling projects that if approved, Missouri's revenue volatility (defined as standard deviation) would decline by two-thirds as compared to the actual collections over the 2001 to 2010 time period. The experience of other states such as Texas and Tennessee which rely primarily on state sales taxes corroborates the modeling. The following charts depict year-over-year changes in revenue by source, comparing Missouri's personal income tax to the general sales tax in Texas and Tennessee respectively. The data has been collected from the U.S. Census Bureau.^{1,2,3} In both cases, during the 2001-2002 recessions, the declines in revenue collections have been significantly smaller for sales taxes than for Missouri's income tax. The latest data available is for FY2008.



[1] <http://www.census.gov/govs/estimate/>

[2] <http://www2.census.gov/govs/estimate/08slsstab1a.xls>

[3] <http://www2.census.gov/govs/estimate/08slsstab1b.xls>

The State Auditor's office did not receive a response from the the **Department of Labor and Industrial Relations**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and the **St. Louis Community College**.

Fiscal Note Summary

Annual state government revenue under this proposal may increase by up to \$300 million, or decrease by up to \$1.5 billion. The proposal is estimated to increase state operating costs by at least \$12.9 million, and may accelerate tax credit redemptions. The fiscal impact to local governments is unknown.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-65)**

Subject

Initiative petition from Herman Kriegshauser regarding a proposed constitutional amendment to Article X. (Received September 15, 2011)

Date

October 4, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Callaway County**, **Clay County**, **Jackson County Legislators**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **University of Central Missouri**, **Harris-Stowe State University**, **Lincoln University**, **Missouri State University**, **Missouri Southern State University**, **Missouri Western State University**, **Northwest Missouri State University**, **Southeast Missouri State University**, and **Truman State University**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no known fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact for their department.

Officials from the **Department of Elementary and Secondary Education** indicated portions of this proposal appear to impact tax credits. Tax subsidies reduce the state's tax revenues and decrease the amount of money available for public schools and all public school students.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated changes in total state revenues could potentially impact their department; however, it is impossible for the department to determine the fiscal impact. They defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this proposal would increase costs for their department by \$103,324 for fiscal year 2012, \$80,684 for fiscal year 2013, and \$81,529 in fiscal year 2014.

Based on 2009 federal tax data, the department estimates approximately 600,000 Missouri filers make charitable contributions. Based on several national charitable giving surveys, approximately 14 percent of charitable donations are education related and an estimated 84,000 Missouri filers may take advantage of this tax credit. The department estimates approximately 25 percent of the returns (21,000) claiming the new credit will result in additional errors. The department will need one tax processing technician in

personal tax and one tax processing technician in corporate tax to work the additional errors.

Department officials provided the following comments on the petition:

- The way this petition is structured, the taxpayer would get a double benefit for a contribution if they are allowed a deduction for the contribution and a tax credit.
- The language creates a new 60% "state income tax credit to be applied to the actual amount of their donation or contribution." This is meaningless. You cannot subtract a "state income tax credit" from a donation.
- The department suggests the petition clarify to which chapters the tax credit would apply.
- There are no provisions in the language as to:
 - when the taxable year would start,
 - the maximum amount of the donation or the credit,
 - if the credit may be carried forward or carried back, or
 - when it sunsets;
- The petition provides that the Department of Revenue shall refund 60 percent of the donation if the income tax is repealed. The department suggests more detail be provided regarding this provision of the petition.

Officials from the **Department of Social Services** indicated although there is no direct fiscal impact to their department, the indirect fiscal impact to their department is unknown. Income tax credits have the immediate effect of reducing state income tax collections. Whether or not there would be any fiscal impact to their department is dependent upon the appropriations process; i.e., how the General Assembly allocates the limited funds available to the state among all state agencies and programs.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters. They provided a copy of the response submitted by the Office of Administration.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this proposal has no impact to their department.

Officials from the **Office of Administration (OA)** indicated:

This proposed amendment creates a tax credit against state income taxes for individual and corporate contributors to schools and colleges in Missouri, in addition to all current deductions allowable. This credit is limited to those who currently deduct these contributions from income taxes. There is no impact on their office. However, there is a statewide impact due to the substantial loss of general revenue funds.

This proposal will annually reduce general and total state revenues by an estimated \$244 million dollars.

Individual Income Tax

According to the IRS Statistics of Income for Missouri, Tax Year 2009,¹ the IRS estimates contributions deducted from income tax totaled \$2,705M. The data does not identify the amount of contributions that may have been made to educational institutions. However, a report from *GivingUSA* notes education donations comprise 14% of all charitable giving.² Therefore, applying the 14% ratio suggests that Missouri donations are an estimated \$379M. A 60% credit would thus reduce general and total state revenues by \$227M.

Corporate Income Tax

OA - Division of Budget and Planning's (BAP's) response is based on data from the IRS Statistics of Income for Tax Year 2008 (the most recent available).³ In that year, the IRS estimates US corporations made \$12.448 billion in contributions. BAP assumes 1.6% of those were made by Missouri taxpayers,⁴ or \$199M. Applying the 14% ratio provided above suggests that Missouri donations are estimated at \$28M. A 60% credit would thus reduce general and total state revenues by \$17M.

Technical Comments

1. Since there is no language addressing refundability, transferability, or carry-forward issues, BAP assumes the proposed credit would be fully refundable; i.e., if the value of the credit exceeds the taxpayer's liability in the tax year in question, the taxpayer would receive the excess amount as a refund from General Revenue.
2. BAP assumes if this proposal is approved by voters in November 2012, it becomes effective immediately upon certification. Thus, the first year of fiscal impact would be Tax Year 2012, or Fiscal Year 2013.

¹ <http://www.irs.gov/pub/irs-soi/>

² http://www.nps.gov/partnerships/fundraising_individuals_statistics.htm

³ <http://www.irs.gov/pub/irs-soi/08co02ccr.xls>

⁴ Based on the ratio of Missouri tax to the US Total, Morgan Quitno State Rankings 2010, p.267.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact for the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no impact to their office.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of St. Joseph** indicated this would have no immediate impact on their city.

Officials from **Hannibal School District #60** indicated they believe this initiative petition would result in a revenue loss to Missouri Public Schools. They indicated they cannot determine what that loss would be, but they believe it could be large enough to be recognized by school districts when state revenues are budgeted.

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in a drastic reduction in general revenue for the State of Missouri, there may be a fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **Metropolitan Community College** indicated this petition would have a positive, but unknown, fiscal impact on their college.

Officials from the **University of Central Missouri (UCM)** indicated:

Quantifying the fiscal impact of this proposed tax credit requires speculation both as to potential donation increases, and as to what the state would do to offset the revenue loss that would result from providing donors the 60% tax credit. \$3.9 million of UCM's \$5.2 million in fundraising from last fiscal year is from Missouri residents, which could potentially equate to \$2.3 million in tax credits for donors. The question is how would the state of Missouri compensate for the loss of state income tax revenue? If the loss of state income tax revenue would result in additional reductions in public higher education funding, the proposal could possibly have a negative impact on Missouri public higher education institutions.

Both private and public education could potentially benefit from increased giving stimulated by the tax credit, however, only public education would be at risk for funding cuts resulting from state revenue loss. If donations across the state increased in future years, the disproportionate burden born by state education would only increase.

Officials from **Missouri Southern State University** indicated they do not believe the proposed initiative petition will have a fiscal impact on their university.

Officials from **Missouri Western State University** indicated there is no impact from this proposal.

The State Auditor's office did not receive a response from the **Department of Higher Education**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, **Callaway County**, **Clay County**, **Jackson County Legislators**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Kansas City**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Rockwood R-VI School District**, **University of Missouri**, **St. Louis Community College**, **Harris-Stowe State University**, **Lincoln University**, **Missouri State University**, **Northwest Missouri State University**, **Southeast Missouri State University**, and **Truman State University**.

Fiscal Note Summary

Annual state government revenue may decrease by an estimated \$244 million. The proposal is estimated to increase state operating costs by at least \$80,000. Reduced state revenue could result in decreased state funding for local governments and public education entities. Public education entities could have an unknown increase in donation revenue.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-66)**

Subject

Initiative petition from Robert Hess regarding a proposed amendment to Chapter 149 of the Revised Statutes of Missouri. (Received September 20, 2011)

Date

October 7, 2011

Description

This proposal would amend Chapter 149 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Cass County**, **Cole County**, **Greene County**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Kansas City**, the **City of Mexico**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Robert L. Hess, II provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated the provision modifies a portion of the escrow requirement for tobacco manufacturers who did not participate in the

tobacco settlement. The proposal would simplify one issue related to enforcement of the escrow provisions. Due to the complexity of the current litigation related to the tobacco settlement; however, the officials said they do not expect the proposal to immediately result in savings. After litigation concludes, they assume the proposal would result in a savings of .5 AAG II, (\$47,500) resulting in a savings of \$39,963 in FY12 to the General Revenue Fund.

They also note that the amendment to § 196.1003 is expected to result in an increase to the amount of payments received by Missouri from the Master Settlement Agreement (MSA). Because the amount of payments is calculated based on variables such as the amount of sales in a given year, they cannot specifically predict the dollar amount. (Missouri received 2011 MSA payments of approximately \$133 million).

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact for their department.

Officials from the **Department of Elementary and Secondary Education** indicated this proposal will present no costs to the state (none that will not be covered by the increased revenue); but has the potential to add significant funding to Missouri public schools.

The officials said according to Cancer Society estimates, this proposal which also would raise taxes on other tobacco products besides cigarettes, would generate about \$308 million annually for the state. The proposal would allot half of that money to elementary and secondary education, 30 percent to colleges and universities and 20 percent to programs intended to prevent people from using tobacco or help them quit doing so.

A 50% allocation to K-12 education would mean an additional \$154 million of funding (based on the estimate of The Cancer Society). Since it is currently projected that funding for the Foundation Program is approximately \$292 million deficient, these funds could be put to good use.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department. While there would be a positive fiscal impact on the state's public colleges and universities, the magnitude of that impact is unknown without estimates on the amount to be annually deposited in the "Public Higher Education Account" from the tobacco product tax increase established by the petition.

Officials from the **Department of Health and Senior Services** indicated

Section 149.018 increases the statewide tax on tobacco products and establishes the Health and Education Trust Fund for the additional revenue to be deposited. The legislation outlines how the revenue is to be used and establishes the Missouri Healthy

Families Commission for conducting, coordinating, and overseeing the tobacco use quit assistance and prevention activities, programs, and initiatives funded through the Tobacco Use Prevention and Quit Assistance Account. It is unclear what DHSS' role may be in relation to the Missouri Healthy Families Commission, however, the potential exists for the department to receive funds from the Commission to help run the state-contracted Missouri Tobacco Quitline and to help fund other comprehensive tobacco control efforts for which the department has developed infrastructure and expertise.

At the discretion of the Missouri Healthy Families Commission, DHSS assumes the department may play a role in administering tobacco quit assistance and comprehensive tobacco control efforts. However at this time, it is not possible to project what if any activities the department will be involved with and therefore assumes \$0 to unknown costs for the proposed legislation. DHSS also assumes any additional costs will be offset with additional revenue resulting in a \$0 net fiscal impact. DHSS defers to the Office of Administration regarding the statewide fiscal impact to this proposed legislation.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated the petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department for this initiative petition.

Officials from the **Department of Revenue** indicated:

Fiscal Impact on the state

- Based upon fiscal year sales of 547 million stamps, the tax increase of \$0.04 per cigarette (\$0.80 cents per pack of 20) would raise approximately \$435.0 million per calendar year.
- Based on approximately \$158.7 million in manufacturer's invoice price for OTP sales during fiscal year 2011, the increase tax rate of 34% of manufacturer's invoice price would generate approximately \$52.0 million dollars per calendar year.
- Under current law, wholesales receive discounts equal to three percent of the face value of each cigarette stamp. Based upon the FY11 sales of 547 million stamps, wholesalers received discounts of approximately \$2,789,700. Under the proposed legislation they would have received only \$2,735,000 in discounts if the tax rate did not increase. However, if the tax rate increases by \$.80, wholesalers would receive \$15,917,700 under the current law allowing three percent of the face value of each cigarette stamp.

Therefore, changing the discount reduces discounts by \$13,182,700 (\$15,917,700 - \$2,735,000).

Comments from the Department of Revenue on the petition

- Section 149.011-The department requests clarification of what products are defined as "other product containing tobacco intended or expected to be consumed without being combusted."
- Section 149.018.4-The department recommends removing the one half of one percent limit on the cost of collection and indicating the cost of collection shall be equal to the actual costs incurred by the department. At a minimum, the cap should be increased to three percent of the moneys collected.
- Section 149.018.4-The department requests clarification of how it is to determine if the increase in tax caused a decrease in the consumption of cigarettes.
- Section 149.018.10-Chapter 149 does not defined "dealers" or "distributors." The Department recommends replacing dealers and distributors with "anyone licensed under Chapter 149."
- The department recommends adding verbiage to prevent stockpiling stamps issued for the current tax rate, prior to the conversation to the higher tax.

Officials from the **Department of Social Services** indicated:

This initiative petition seeks to impose an additional tax on tobacco products. The additional tax of 4¢ per cigarette and 34% of the manufacturer's invoice price for all other tobacco products is effective January 1, 2013.

The petition creates the Health and Education Trust Fund for deposit of the additional taxes collected. Money in the fund shall be credited to three separate accounts and can be used only for:

- tobacco use prevention and quit assistance (20%);
- elementary and secondary public school funding, with an emphasis on direct classroom expenditures (50%); and
- public college and university funding, with an emphasis on training for future medical caregivers (30%).

On an annual basis, the Director of the Department of Revenue must determine whether the new taxes imposed have directly caused a decrease in tobacco consumption, thereby causing a reduction in the amount of moneys collected and deposited into the Fair Share Fund, the Health Initiatives Fund (HIF), or the state school moneys fund.

The officials said they currently receive money from the Health Initiatives Fund. If this statute is adopted and meets the stated goal of decreasing tobacco consumption, the Health Initiatives Fund could see a decrease in revenue. However, Section 149.018.4(3) states:

". . . an amount equal to the amount of moneys that were not collected and deposited into that fund or funds because of the taxes imposed by this section shall be transferred from the Health Education Trust Fund to the appropriate fund or funds."

The officials said therefore, in theory, the Health Initiatives Fund should be made whole by this transfer and there would be no fiscal impact to their department.

The proposal also creates the Missouri Healthy Families Commission to administer the activities funded by the Tobacco Use Prevention and Quit Assistance Account. The department may designate a non-voting, ex officio representative to the Board of Directors of the Commission. The officials said they do not expect a significant fiscal impact would result from this provision.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no impact to their department.

Officials from the **Office of Administration** indicated:

This proposal imposes an additional tax of 4¢ per cigarette (80¢ per pack); levies an additional 34% tax on other tobacco products (OTP); and changes the compensation rate for wholesalers.

New monies are to be deposited into the Health Education Trust Fund. Monies in the Health Education Trust Fund are allocated as follows:

- 1) Tobacco Use Prevention and Quit Assistance Account (20%);
- 2) Public Education Account (50%);
- 3) Public Higher Education Account (30%).

The proposed amendment to the Revised Statutes of Missouri should not result in additional costs or savings to their office should it be approved by the voters. However there is a statewide impact on revenues to the state.

The Division of Budget and Planning (BAP) calculates the impact of the cigarette tax increase by estimating the quantity of packs currently sold, applying the midpoint formula for elasticity to estimate the new quantity of packs, then calculating increased revenues.

BAP notes the following:

1. BAP estimates the current retail price of one cigarette pack is \$4.50 = \$4.33 price + \$0.17 excise tax. Prices vary substantially depending on brand and packaging. This analysis does not include additional impacts of any retail sales taxes.
2. The website "Tobacco Free Kids" estimates the average cigarette tax as \$1.46 per pack, as of June 28, 2011.¹ A tax of \$0.97 (the proposed \$0.80 plus the existing tax of \$0.17) would be below this average, but would exceed the tax rate of neighboring states except for Iowa (\$1.36).
3. State cigarette taxes in FY11 totaled \$89,965,910, according to the SAM II Data Warehouse.²
4. "Elasticity" is the ratio of the change in quantity sold to the change in price. The CDC estimates the cigarette price elasticity as -0.4,³ which suggests a 4% drop in sales for each 10% increase in cost. However, research by Goolsbee (2004)⁴ demonstrates the elasticity for state cigarette taxes likely exceeds -1.2, and could exceed -2.0, depending on internet access.
5. Given the above information, BAP estimates the elasticity at -0.8 for this analysis.
6. This analysis uses the midpoint-method to estimate the new quantity (Q2) of cigarette packs taxed as a result of the tax increase: $E = \{(Q2-Q1) / \text{AVG}(Q2,Q1)\} / \{(P2-P1) / \text{AVG}(P2,P1)\}$

Based on this information, BAP estimates increased cigarette tax revenues of \$320.1M annually (see Table 1).

Similarly for the increased OTP tax:

1. BAP estimates the current retail price of one "unit" of tobacco is \$4.50 = \$4.09 + \$0.41 excise tax. Prices vary substantially depending on brand and packaging. This analysis does not include additional impacts of any retail sales taxes.
2. BAP estimates the elasticity as -0.8, as above, and uses the midpoint formula, as above.

Based on this information, BAP estimates increased OTP taxes of \$50.3M annually (see Table 2).

The proposal directs the DOR to estimate the decreased consumption of cigarettes and OTP as a result of this proposal, and then to hold existing dedicated funds harmless. This

¹ <http://www.tobaccofreekids.org/research/factsheets/pdf/0222.pdf>, accessed September 21, 2011, 2011.

² Data warehouse accessed September 21, 2011

³ http://www.cdc.gov/tobacco/data_statistics/fact_sheets/economics/econ_facts/index.htm, accessed September 21, 2011.

⁴ <http://faculty.chicagobooth.edu/workshops/AppliedEcon/archive/pdf/goolsbee.pdf>, accessed September 21, 2011

analysis estimates a decrease of 107M cigarette packs. At 17¢ per-pack, this implies the DOR would need to transfer an estimated \$18.2M of the new cigarette revenues into existing funds. Similarly, this analysis estimates a decrease of 9.2M “units” of OTP sales. At an estimated tax rate of 41¢, this suggests a transfer of \$3.8M of the new OTP revenues into existing funds.

BAP defers to DOR for impacts of the changes to the compensation rate and to the Attorney General’s Office on the impacts in changes related to the Master Settlement Agreement.

Table 1.

Cigarettes	Current (FY11)	New
Tax (per pack)	\$0.17	\$0.97
Estimated Cost Per Pack	\$4.50	\$5.30
Estimated Packs with Tax Increase, using Midpoint Formula		
FY11 Revenues		\$89,965,910
Q1		529,211,235
P1		\$4.00
P2		\$5.30
Estimated Elasticity (see note		
2)		-0.8
Q2		422,754,816
Total Revenues		\$410,072,172
Increased Revenues		\$320,106,262

Table 2.

OTP	Current (FY11)	New
Tax (per unit)	10%	44%
Estimated Cost Per Unit	\$4.50	\$5.89
Estimated Units with Tax Increase, using Midpoint Formula		
FY11 Revenues		\$15,551,490
Estimated Current		
Wholesales		\$155,514,900
Q1		34,558,867
P1		\$4.00

P2	\$5.89
Estimated Elasticity (see note 2)	-0.8
Q2	25,390,188
Estimated New Wholesales	\$149,571,289
Total Revenues	\$65,811,367
Increased Revenues	\$50,259,877

Officials from the **Office of State Courts Administrator** indicated there will be no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from **Jasper County** indicated they do not see this proposal as having any appreciable effect on their county government.

Officials from the **City of St. Joseph** indicated this bill could have a negative effect on the city's receipt of cigarette tax revenues should the additional state levies cause the number of tobacco products sold to be reduced. Amount unknown.

On the other hand, the city's Public Health Department could be the recipient of some public health grants related to smoking related illness and/or cessation programs. Again, actual amount of increased grant funds unknown.

Officials from the **City of St. Louis City** indicated with revenues to be directed toward state funds, it is not anticipated that this proposal will have a direct local fiscal impact. An indeterminate and indirect fiscal impact is possible as higher taxes deter future tobacco use and reduce tobacco related health expenditures.

Officials from **Hannibal 60 School District** indicated this initiative petition should not cause any additional costs to the district. Any additional time taken out of the district day for education on smoking and using other tobacco products would be covered by the fund. We take the time to educate students/staff anyway on the health risks, so this would actually create some savings to the district.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have a positive, but undetermined, fiscal impact on their college.

The **State Auditor's office** estimated annual audit costs required in the proposal would be up to an estimated \$40,000.

Robert L. Hess, II provided information as a proponent of this initiative petition.

As set forth in the analysis, tobacco use causes approximately \$2.13 billion in annual health care expenditures in Missouri (\$7.61 per pack). Smoking specifically increases the annual costs of the Missouri Medicaid program by approximately \$532 million. The initiative petition would increase the tax on cigarettes by \$0.80 per pack and would increase the tax on other tobacco products by a similar amount. Those tax increases would raise over \$308 million in new state revenue to help adults stop smoking, to keep kids from starting smoking, and to support public education and higher education.

In addition to raising new revenue, the tax increase would have an immediate public health benefit. Each 10% cigarette price increase reduces youth smoking by 6.5%. Each 10% cigarette price increase reduces adult smoking by 2%. The total expected reduction in smoking consumption as a result of a 10% price increase is 4%. It is conservatively estimated that the initiative petition would decrease youth smoking by 13.1% in Missouri and keep 50,100 kids in Missouri from becoming addicted adult smokers and help 30,900 current adult smokers quit. Twenty four thousand two hundred (24,200) Missouri residents would be saved from premature smoking-caused deaths.

There would also be a fiscal benefit to the citizens of the state from the improved public health. In the first five years, there would be more than \$33 million in savings from fewer smoking-related pregnancies, births, heart attacks and strokes. The long term savings would be more than a billion dollars.

NEW REVENUES, PUBLIC HEALTH BENEFITS & COST SAVINGS FROM A 80-CENT CIGARETTE TAX INCREASE IN MISSOURI

Current state cigarette tax: 17 cents per pack (51st among all states)
Smoking-caused costs in Missouri: \$7.61 per pack

Annual healthcare expenditures in Missouri directly caused by tobacco use: \$2.13 billion
Smoking-caused state Medicaid program spending each year: \$532.0 million

New Annual Revenue from Increasing the Cigarette Tax Rate by 80 Cents Per Pack: \$286.1 million

Additional Revenue from Raising Other Tobacco Product Rates to Parallel New Levels: \$22.6 million

New Annual Revenue is the amount of additional new revenue over the first full year after the effective date. The state will collect less new revenue if it fails to apply the rate increase to all cigarettes and other tobacco products held in wholesaler and retailer inventories on the effective date.

<u>Projected Public Health Benefits from the Cigarette Tax Rate Increase</u>	
<i>Percent decrease in youth smoking:</i>	13.1%
<i>Kids in Missouri kept from becoming addicted adult smokers:</i>	50,100
<i>Current adult smokers in the state who would quit:</i>	30,900
<i>Smoking-affected births avoided over next five years:</i>	8,700
<i>Missouri residents saved from premature smoking-caused death:</i>	24,200
<i>5-year health savings from fewer smoking-affected pregnancies & births:</i>	\$14.8 million
<i>5-year health savings from fewer smoking-caused heart attacks & strokes:</i>	\$19.1 million
<i>Long-term health savings in the state from adult & youth smoking declines:</i>	\$1.1 billion

- Tax increases of less than roughly 25 cents per pack or 10% of the average state pack price do not produce significant public health benefits or cost savings because the cigarette companies can easily offset the beneficial impact of such small increases with temporary price cuts, coupons, and other promotional discounting. Splitting a tax rate increase into separate, smaller increases in successive years will similarly diminish or eliminate the public health benefits and related cost savings (as well as reduce the amount of new revenues).
- Raising state tax rates on other tobacco products (OTPs) to parallel the increased cigarette tax rate will bring the state more revenues, public health benefits, and cost savings (and promote tax equity). With unequal rates, the state loses revenue each time a cigarette smoker switches to cigars, RYO, or smokeless. To parallel the new \$0.97 per pack cigarette tax, the state's new OTP tax rate should be at least 30% of wholesale

price with minimum tax rates for each major OTP category linked to the state cigarette tax rate on a per-package or per-dose basis.

Needed State Efforts to Protect State Tobacco Tax Revenues

Having each of the following measures in place will maintain and increase state tobacco tax revenues by closing loopholes, blocking contraband trafficking, and preventing tax evasion.

State tax rate on RYO cigarettes equals the state tax rate on regular cigarettes	Yes
State tax rates on other tobacco products match the state cigarette tax rate	Yes
State definitions of "cigarette" block cigarettes from wrongfully qualifying as "cigars"	No
State definitions of "tobacco product" reach all tobacco products	No
Loopholes for the new generation of smokeless products (snus, tablets, etc.) closed	No
Minimum taxes on all tobacco products to block tax evasion and promote tax equity	No
"High-tech" tax stamps to stop counterfeiting and other smuggling and tax evasion	No
Retailers lose license if convicted of contraband trafficking	Yes
Street sales and mobile sales of cigarettes and other tobacco products prohibited	Yes
Non-Tobacco nicotine products without FDA approval banned	No

More information available at
http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/

Campaign for Tobacco-Free Kids 10.07.10 / Ann Boonn, September 1, 2011

Explanations & Notes

Projections are based on research findings that each 10% cigarette price increase reduces youth smoking by 6.5%, adult rates by 2%, and total consumption by 4% (adjusted down to account for tax evasion effects). Revenues still increase because the higher tax rate per pack will bring in more new revenue than is lost from the tax-related drop in total pack sales.

The projections incorporate the effect of both ongoing background smoking declines and the continued impact of the 61.66-cent federal cigarette tax increase (effective April 1, 2009) on prices, smoking levels and pack sales.

These projections are fiscally conservative because they include a generous adjustment for lost state pack sales (and lower net new revenues) from possible new smuggling and tax evasion after the rate increase and from fewer sales to smokers or smugglers from other states. For ways that the state can protect and increase its tobacco tax revenues and prevent and reduce contraband trafficking and other tobacco tax evasion, see the Campaign for Tobacco-Free Kids factsheet, *State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion*, <http://tobaccofreekids.org/research/factsheets/pdf/0274.pdf>.

Kids stopped from smoking and dying are from all kids alive today. Long-term savings accrue over the lifetimes of persons who stop smoking or never start because of the rate increase. All cost and savings in 2004 dollars. Projections will be updated when new relevant data or research becomes available.

Ongoing reductions in state smoking levels will, over time, gradually erode state cigarette tax revenues (in the absence of any new rate increases). But those declines are more predictable and less volatile than many other state revenue sources, such as state income tax or corporate tax revenues (which can drop sharply during recessions). In addition, the smoking declines that reduce tobacco tax revenues will simultaneously produce much larger reductions in government and private sector smoking-caused costs. See the Campaign for Tobacco-Free Kids factsheet, *Tobacco Tax Increases are a Reliable Source of Substantial New State Revenue*, <http://tobaccofreekids.org/research/factsheets/pdf/0303.pdf>.

For other ways states can increase revenues (and promote public health) other than just raising its cigarette tax, see the Campaign factsheet, *The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs*, <http://tobaccofreekids.org/research/factsheets/pdf/0357.pdf>.

For more on sources and calculations, see
<http://www.tobaccofreekids.org/research/factsheets/pdf/0281.pdf>

Additional Information on Tobacco Product Tax Increases

Raising State Cigarette Taxes Always Increases State Revenues and Always Reduces Smoking, <http://tobaccofreekids.org/research/factsheets/pdf/0098.pdf>.

Responses to Misleading and Inaccurate Cigarette Company Arguments Against State Tobacco Tax Increases, <http://tobaccofreekids.org/research/factsheets/pdf/0227.pdf>.

State Cigarette Excise Tax Rates & Rankings,
<http://tobaccofreekids.org/research/factsheets/pdf/0097.pdf>.

Top Combined State-Local Cigarette Tax Rates (State plus County plus City),
<http://tobaccofreekids.org/research/factsheets/pdf/0267.pdf>.

State Cigarette Tax Increases Benefit Lower-Income Smokers and Families,
<http://tobaccofreekids.org/research/factsheets/pdf/0147.pdf>.

The Best Way to Tax Smokeless Tobacco,
<http://tobaccofreekids.org/research/factsheets/pdf/0282.pdf>.

The Problem with Roll-Your-Own (RYO) Tobacco,
<http://tobaccofreekids.org/research/factsheets/pdf/0336.pdf>.

How to Make State Cigar Tax Rates Fair and Effective,
<http://tobaccofreekids.org/research/factsheets/pdf/0335.pdf>.

State Benefits from Increasing Smokeless Tobacco Tax Rates,
<http://tobaccofreekids.org/research/factsheets/pdf/0180.pdf>.

The Case for High-Tech Cigarette Tax Stamps,
<http://tobaccofreekids.org/research/factsheets/pdf/0310.pdf>.

State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion, <http://tobaccofreekids.org/research/factsheets/pdf/0274.pdf>.

The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs, <http://tobaccofreekids.org/research/factsheets/pdf/0357.pdf>

For questions or model legislation, please contact factsheets@tobaccofreekids.org.

For all TFK factsheets on tobacco tax increases, see
http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/.

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **State Treasurer's office**, **Cass County**, **Cole County**, **Greene County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Kansas City**, the **City of Mexico**, **Cape Girardeau 63 School District**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Estimated additional revenue to state government from this proposal is \$308 million to \$487 million annually with limited estimated implementation costs or savings. The revenue will fund only programs and services allowed by the proposal. Local governmental fiscal impact is unknown.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-70)**

Subject

Initiative petition from Dan Viets regarding a proposed constitutional amendment to Article IV. (Received October 3, 2011)

Date

October 21, 2011

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact for their department.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this proposal was estimated to increase costs for the General Revenue Fund by \$1,613,912 for fiscal year 2013 and have a net positive impact to the fund of \$1,429,730 for fiscal year 2014, and \$1,673,492 for fiscal year 2015. They also indicated the fiscal impact for each year had unknown variables that would impact these estimates.

They estimated rental space for 14 staff located in Jefferson City would be required: 14 FTE x 200 sq. ft/FTE x \$13.50/sq/ ft = \$37,800.

The officials said if this initiative petition is on the ballot and passes, cannabis and cannabis establishments would be legalized. Most of these establishments would likely fall under the definition of a small business. The establishments would be required to obtain an annual license and pay a licensure fee. The Missouri General Assembly would also have the ability to enact an excise tax on dried cannabis sold at retail for personal use. Retail cannabis products for medical or adult use would be required to contain appropriate labeling which outlines the weight, and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis.

The petition would require the department to promulgate rules to set fees for applications to operate cannabis establishments. The department must begin accepting applications from cannabis establishments on July 1, 2013. One-half of the license application fees must be remitted by the department to the county, municipality, or city and county in which the applicant will operate the establishment.

It is estimated that 2,500 licenses for cannabis establishments will be issued with an annual licensure fee of \$2,000 each, totaling \$5,000,000. One-half of this amount, or \$2,500,000, will be retained by the state of Missouri.

Missouri has benchmarked the state of Colorado with its medical marijuana registry program. Colorado began its program in 2001. Data from July 2010 indicate the following in Colorado:

- 717 dispensary locations;
- 271 marijuana infused product manufacturers; and
- 1,071 growers.

This would indicate 2,059 potential licensees in Colorado. Missouri is more populous, and therefore an estimate of 2,500 licenses for manufacturing and distribution will be used.

It is further estimated that the 2,500 licensees will each pay an annual license fee of \$2,000, totaling \$5,000,000 annually. The \$2,000 fee is used for fiscal note computation purposes in order that the initial costs in Year One can be recouped in Year Two.

One-half of the fees, or a total of \$2,500,000 annually, will be retained by the state of Missouri. The other half will be remitted to local governmental entities.

Since the initiative petition does not address in what fund licensure fees are to be deposited, for fiscal note purposes the assumption is made that all licensure fees will be deposited in the General Revenue fund. It is also assumed that since applications will be accepted beginning July 1, 2013, the first year of revenue collection will be FY 2014.

Section 8 of the IP states the General Assembly may enact an excise tax of up to \$100 per pound of dried cannabis that is sold solely for personal use at the retail level. It is unknown whether the General Assembly will enact such a tax and, if so, the amount of any tax. It is also assumed that the Department of Revenue will collect any tax if enacted.

This IP would remove cannabis from the Missouri Revised Statutes list of controlled substances and no longer list it among Missouri's drug schedules. It would also require the department, by February 1, 2013, to develop regulations to implement Section 5, which are to include regulations related to the issuance, renewal, suspension, and revocation of a license to operate a cannabis establishment; a schedule of application, licensing and renewal fees; security requirements for cannabis establishments; and civil penalties for failure to comply.

The IP would require the department to begin accepting applications for an annual license to operate a cannabis establishment by July 1, 2013. They would have to develop a process for forwarding a copy of each application and half of the license application fee to the county, municipality, or city and county in which the applicant desires to operate the cannabis establishment. They will issue an annual license to the applicant between 45 and 90 days after receipt of an application. They must notify the applicant of the specific reason if the application is denied.

Disregard of federal controlled substance law by state and local agencies could result in a reduction or elimination of funding available from the federal government for support of state and local drug enforcement, drug abuse prevention, and law enforcement activities.

For fiscal note computation purposes, department officials said it is assumed that they will hire three ITSD staff, one Health and Senior Services Manager I, one Investigative Manager, six Investigator IIs, one Administrative Office Support Assistant (AOSA) and two Senior Office Support Assistants (SOSAs) in December 2012 (seven months of FY 2013). All staff will be located in Jefferson City. December 2012 was used as the start date because the initiative would not appear on the ballot until November 6, 2012, however rules are to be adopted by February 1, 2013.

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One Investigator Manager and six Investigator II positions will be required to perform oversight of licensed establishments, as well as working with law enforcement when needed.

One AOSA and two SOSAs will be required to provide clerical support to the Health and Senior Services Manager, Investigative Manager and the Investigator II positions, to compile program statistics, to oversee day-to-day licensure program functions and to respond to routine inquiries from the public regarding the program. Their responsibilities will include the processing of license fees and the tracking of license fees paid to the appropriate municipalities and counties.

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The following costs will apply:

Seven IT Consultants will be required to provide project management, business analysis, high-level database and programming skills to the application. The cost of the consultants is \$69.00/hour x 2,080 hours = \$143,520. In the first year, seven consultants will cost \$1,004,640.

In the second year of development only one consultant will be needed. After the second year, no consultants will be needed and the application will be maintained by the FTE's listed below.

One Computer Information Technology Specialist II will be required to provide project management, development support and administration/maintenance of the application. This FTE will cost \$55,548 plus fringe benefits in the first two years. In year three, the project will require only 0.5 FTE of this position.

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Hardware and software costs of an unknown amount exceeding \$10,000 will be needed.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated if the expungement requirements for civil records include administrative records there would be an impact to the department. Applicable records would need to be located and reviewed, followed by redaction or destruction for both paper and electronic records.

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Officials from the **Department of Corrections** indicated:

If passed, this initiative would have a significant legal impact on their department.

First, the initiative demands the immediate release of those offenders who are currently incarcerated, or being supervised by P&P, solely due to non-violent cannabis offenses. It further requires these prior convictions be expunged and the records destroyed. When these offenders committed their offenses it was illegal under Missouri law. This initiative essentially reverses all prior convictions for these offenses. Such retroactive application of the proposed amendment would directly conflict with Missouri law.

This proposition seeks to repeal criminal statutes under Chapter 195. Section 1.160 controls the effect of the repeal or amendment of a penal statute. Pursuant to §1.160 "No offense committed and no fine, penalty or forfeiture incurred, or prosecution commenced or pending previous to or at the time when any statutory provision is repealed or amended, shall be affected by the repeal or amendment, but the trial and punishment of all such offenses, and the recovery of the fines, penalties or forfeitures shall be had, in all respects, as if the provision had not been repealed or amended, except that all such proceedings shall be conducted according to existing procedural laws." Essentially, those previously convicted or who have pending charges, prior to the effective date of the repeal, would not be impacted by the repeal. This would prevent the immediate release, expungement or destruction of these prior convictions. If passed, this would create a direct conflict between the Missouri Constitution and state statutes. A statute cannot

lawfully supersede Constitution. *McIntosh v. Haynes*, 545 S.W.2d 647 (Mo. banc 1977). Therefore, the constitutional amendment would be controlling and retroactively applied to all prior convictions and pending charges.

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This could cause implications with the requirements that offenders DOC supervise abide by state and federal law as well as the requirement that our department employees abide by state and federal laws. Although certain actions may not be illegal under Missouri law, it would still violate federal law. Under federal law, it is illegal to possess, use, buy, sell, or cultivate marijuana under the Controlled Substances Act of 1970 (CSA). Although this initiative seeks to limit or prohibit the enforcement of the CSA, under the Supremacy Clause of the United States Constitution, federal law preempts conflicting state and local laws as previously addressed in *Gonzales v. Raich*, 545 U.S. 1 (2005) and the Eighth Circuit in *Monson v. Drug Enforcement Admin.*, 589 D.3d 952 (8th Cir. 2009).

In addition, offenders whose parole or probation have been revoked on a non-cannabis crime due to illegal use of marijuana would have to be released, because the use of marijuana would be made retroactively *legal*.

Finally, department officials noted that this initiative could potentially impact DOC policies regarding staff drug use and testing. Although DOC would not be prevented from disciplining an employee who is "impaired on the job by his use of cannabis" it may prevent the department from utilizing a zero tolerance approach when THC is detected, but instead require the department to affirmatively demonstrate whether an employee is "impaired."

In summary, fiscal impact due to passage of this proposal for the DOC is "Unknown."

Officials from the **Department of Revenue** indicated:

This initiative petition has no immediate impact on their department. A provision is included which allows the Missouri General Assembly to enact a tax of up to \$100 per pound on dried cannabis and cannabis products. If the General Assembly does enact the tax and requires the Missouri Department of Revenue to administer the tax, the department could have significant costs associated with staff hired to administer the tax, programming costs to develop a tracking and processing system, and other unknown administrative and postage costs.

The department assumes that any sale of cannabis would be subject to state and local sales and use taxes, which could result in an unknown positive increase to total state revenue. Medical cannabis is subject to sales tax because cannabis is not included in Title XVIII of the Social Security Act under Section 1862(a)(12). Any individual or business that is permitted to sell cannabis would also be required to register with the Department of Revenue, post a bond, and receive a sales tax license.

Officials from the **Department of Social Services** indicated:

The Department of Social Services (DSS) has reviewed IP 11-70 and determined that the fiscal impact to the Department is the same as DSS previously submitted in response to IP 11-52 and IP 11-53.

Current Family Support Division rules require that individuals who have been convicted of certain felonies related to controlled substance use, possession, and distribution be disqualified from receiving Food Stamp and Temporary Assistance benefits for themselves. These convictions include felonies related to cannabis use, possession, and distribution that may be considered legal under this proposal. This proposal would require previous felonies to be expunged, thereby making individuals who were previously disqualified on this factor eligible for Food Stamp and Temporary Assistance benefits. The costs to them result from increasing TANF benefits to families and staff costs related to processing additional food stamp applications.

Department officials provided the following response to IPs 11-52 and 11-53:

There will be no fiscal impact to the MO HealthNet Division. Cannabis has not been approved by the Federal Drug Administration is not rebatable, and is not on the drug formulary; therefore it would not be covered under MO HealthNet.

There will be no fiscal impact to the Division of Legal Services. The officials said several provisions of the initiative petition may conflict with applicable federal law and thus may be subject to challenge under the Supremacy Clause of the U.S. Constitution.

The Family Services Division (FSD) provided the following comments:

200 additional square feet per new FTE at a cost of \$14.82 per square foot, for a total cost of \$2,964 per FTE x 12 FTE = \$35,568 would be needed to accommodate 12 additional employees. Additional costs would be incurred for one-time and ongoing staff costs related to office furniture and equipment.

This proposal removes cannabis from the Missouri Revised Statutes list of controlled substances. In addition, this proposal would make possession, use, and sale of cannabis legal in certain circumstances and would require the release of persons incarcerated or under supervision for probation by the Missouri Board of Probation and Parole. The proposal also requires the records of previous offenses which would no longer be illegal under this proposal be expunged.

This proposal would increase the Food Stamp caseloads and require new FTE. This would also result in increased costs for EBT (Electronic Benefits Transfer) to process the additional payments to Food Stamp recipients. In the past, the increased EBT costs could have been absorbed with core funding, however caseloads have grown significantly and there is no longer sufficient funds available to absorb this increase in caseloads.

The officials estimated annualized food stamp caseload costs and EBT costs would be \$580,350 and \$46,947, respectively. Those costs would be split evenly between the General Revenue Fund and federal funds.

Current Family Support Division rules require that individuals who have been convicted of certain felonies related to controlled substance use, possession, and distribution be disqualified from receiving Food Stamp and Temporary Assistance benefits for themselves. These convictions include felonies related to cannabis use, possession, and distribution that may be considered legal under this proposal. This proposal would require previous felonies to be expunged, thereby making individuals who were previously disqualified on this factor eligible for Food Stamp and Temporary Assistance benefits.

The FSD is unable to determine how many individuals currently disqualified are disqualified solely because of a felony related to cannabis use, possession, or distribution.

There are 1,036 Temporary Assistance (TA) persons known to the FSD as having a felony drug conviction disqualification, however not receiving benefits for themselves due to the felony drug conviction. Any of these persons whose felony conviction is expunged could begin receiving benefits for themselves as long as they meet all other eligibility criteria. While these persons would not add new staff since they are part of already active cases, it would increase the amount of benefit the case receives. The FSD cannot determine how many of these persons are disqualified solely because of a cannabis related felony drug conviction. However, if 10% or 104 ($1,036 \times .10 = 103.6$, rounded up to 104) persons became eligible, this would increase the TA cash grant expenditures by \$6,032 (\$58 per person \times 104 persons) per month \times 12 months = \$72,384 per year.

This proposal may have impact on the Temporary Assistance (TA) drug testing law which goes into effect on August 28, 2011. This new law requires the FSD to screen TA applicants and recipients for illegal use of controlled substances. The FSD is then required to test each applicant or recipient the FSD has reasonable cause to believe, based on the screening, engages in the illegal use of controlled substances, using a urine dipstick five-panel drug test. If a person tests positive, he/she is subject to a three year disqualification, which would reduce the amount of cash benefit the family receives under the TA program. The five-panel drug test detects cannabis usage and the disqualification currently would apply to persons who test positive for cannabis use. However, if this proposal were to pass, the FSD assumes it would not reduce the TA benefits for persons who test positive for cannabis use when that is the only drug detected by the five-panel drug test.

There are currently 29,835 Food Stamp persons known to the FSD as having a felony drug conviction. Of these persons, 4,269 are currently on an active Food Stamp case, however not receiving Food Stamps due to the felony drug conviction. Any of these persons whose felony conviction is expunged could begin receiving benefits for themselves. These persons would not add any new staff since they are part of already active cases.

$29,835 - 4,269 = 25,566$ persons are not currently on an active Food Stamp case and would potentially be eligible if their felony conviction were expunged as a result of this proposal. Not all individuals will qualify for Food Stamps under this proposal as they either have felony convictions related to other controlled substances or do not meet other eligibility criteria. However, if 10% became eligible, 2,557 ($25,566 \times .10 = 2,556.6$, rounded up to 2,557) new cases would be added to the FSD Food Stamp caseloads.

Funding Requirements based on Staffing Needs

The FSD estimates a total of 9 new Eligibility Specialists would be needed each year to maintain the increased caseload size and take applications. This is based on an average caseload standard of 300 ($2,557/300 = 8.52$, rounded up to 9).

On a 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, the FSD would need 1 new Eligibility Supervisors ($9/10 = 0.9$, rounded up to 1).

On a ratio of 6-1 Eligibility Specialist/Eligibility Supervisor to Professional Staff, the FSD would need an additional 2 professional staff. ($9 + 1 = 10/6 = 1.67$, rounded up to 2. $2 \times 75\% = 1.5$, rounded up to 2 OSA).

Total new FTE: $9 + 1 + 2 = 12$

The FSD assumes existing Central Office Program Development Specialists in the Policy Unit will be able to complete necessary policy and/or forms changes.

Other Funding Requirements

There will be increased EBT costs to process the additional Food Stamp payments to recipients. In the past, the increased EBT costs could have been absorbed with core funding, however caseloads have grown significantly and there is no longer sufficient funds available to absorb this increase in caseloads.

The cost of EBT services to process each Food Stamp case is \$1.53 per month. Since it is projected that 2,557 new cases could be added, the estimated increased cost for EBT is \$46,947 ($2,557 \text{ cases} \times 12 \text{ months} \times \$1.53 = \$46,947$).

Officials from the **Governor's office** indicated there should be no added costs to their office if this proposed amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no impact to their department.

Officials from the **Office of Administration (OA)** indicated:

OA would incur costs (amount unknown) due to modifications to various state computer systems related to the tax and administration provisions of the act.

Budget and Planning (B&P) assumes the revenue generated from the tax levied at the retail level would be deposited into the state's general revenue fund. Further, B&P assumes the retail sale of cannabis would be subject to state sales tax, therefore increasing collections to the state's general revenue fund, the School District Trust Fund, the Conservation Commission Fund, the State Park Sales Tax Fund, and the Soil and Water Sales Tax Fund. B&P does not have the data available to provide an estimate.

Officials from the **Office of State Courts Administrator** indicated there will be no fiscal impact on the courts.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition has an unknown impact on the State Public Defender System. Perhaps fewer drug cases would be filed against indigent persons who would require public defender services. This would include all possession, cultivating and/or selling charges. It also includes the possession of drug paraphernalia.

Officials from the **State Treasurer's office** indicated this initiative petition will have no impact to their office.

Officials from **Greene County** indicated no fiscal impact is anticipated. They referred this initiative petition to their Sheriff for possible comment.¹

Officials from the **City of Columbia** indicated they anticipate no significant fiscal impact.

Officials from the **City of Jefferson** indicated they expect no fiscal impact if this petition becomes law.

Officials from the **City of Raymore** indicated there will be no fiscal impact.

Officials from the **City of St. Joseph** indicated this action could provide an unknown amount of additional business license revenue from new businesses. No known cost or savings from it.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have no direct fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Missouri Senate**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Annual state government operating costs would increase by at least \$1 million with the total increase being unknown. Those costs would be offset by an unknown increase in fee and tax revenues. The fiscal impact to local governmental entities is unknown with some increase in revenue possible.

¹ No other comments were provided.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-71)

Subject

Initiative petition from Dan Viets regarding proposed amendments to Chapters 105, 195 and 263 of the Revised Statutes of Missouri. (Received October 3, 2011)

Date

October 21, 2011

Description

This proposal would amend Chapters 105, 195 and 263 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact for their department.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this proposal was estimated to increase costs for the General Revenue Fund by \$1,613,912 for fiscal year 2013 and have a net positive impact to the fund of \$1,429,730 for fiscal year 2014, and \$1,673,492 for fiscal year 2015. They also indicated the fiscal impact for each year had unknown variables that would impact these estimates.

They estimated rental space for 14 staff located in Jefferson City would be required: 14 FTE x 200 sq. ft/FTE x \$13.50/sq/ ft = \$37,800.

The officials said if this initiative petition is on the ballot and passes, cannabis and cannabis establishments would be legalized. Most of these establishments would likely fall under the definition of a small business. The establishments would be required to obtain an annual license and pay a licensure fee. The Missouri General Assembly would also have the ability to enact an excise tax on dried cannabis sold at retail for personal use. Retail cannabis products for medical or adult use would be required to contain appropriate labeling which outlines the weight, and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis.

The petition would require the department to promulgate rules to set fees for applications to operate cannabis establishments. The department must begin accepting applications from cannabis establishments on July 1, 2013. One-half of the license application fees must be remitted by the department to the county, municipality, or city and county in which the applicant will operate the establishment.

It is estimated that 2,500 licenses for cannabis establishments will be issued with an annual licensure fee of \$2,000 each, totaling \$5,000,000. One-half of this amount, or \$2,500,000, will be retained by the state of Missouri.

Missouri has benchmarked the state of Colorado with its medical marijuana registry program. Colorado began its program in 2001. Data from July 2010 indicate the following in Colorado:

- 717 dispensary locations;
- 271 marijuana infused product manufacturers; and
- 1,071 growers.

This would indicate 2,059 potential licensees in Colorado. Missouri is more populous, and therefore an estimate of 2,500 licenses for manufacturing and distribution will be used.

It is further estimated that the 2,500 licensees will each pay an annual license fee of \$2,000, totaling \$5,000,000 annually. The \$2,000 fee is used for fiscal note computation purposes in order that the initial costs in Year One can be recouped in Year Two.

One-half of the fees, or a total of \$2,500,000 annually, will be retained by the state of Missouri. The other half will be remitted to local governmental entities.

Since the initiative petition does not address in what fund licensure fees are to be deposited, for fiscal note purposes the assumption is made that all licensure fees will be deposited in the General Revenue fund. It is also assumed that since applications will be accepted beginning July 1, 2013, the first year of revenue collection will be FY 2014.

Section 195.516.8 of the IP states the General Assembly may enact an excise tax of up to \$100 per pound of dried cannabis that is sold solely for personal use at the retail level. It is unknown whether the General Assembly will enact such a tax and, if so, the amount of any tax. It is also assumed that the Department of Revenue will collect any tax if enacted.

This IP removes cannabis from the Missouri Revised Statutes list of controlled substances and no longer list it among Missouri's drug schedules. It would also require the department, by February 1, 2013, to develop regulations to implement Section 195.516, which are to include regulations related to the issuance, renewal, suspension, and revocation of a license to operate a cannabis establishment; a schedule of application, licensing and renewal fees; security requirements for cannabis establishments; and civil penalties for failure to comply.

The IP would require the department to begin accepting applications for an annual license to operate a cannabis establishment by July 1, 2013. They would have to develop a process for forwarding a copy of each application and half of the license application fee to the county, municipality, or city and county in which the applicant desires to operate the cannabis establishment. They will issue an annual license to the applicant between 45 and 90 days after receipt of an application. They must notify the applicant of the specific reason if the application is denied.

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First, the initiative demands the immediate release of those offenders who are currently incarcerated, or being supervised by P&P, solely due to non-violent cannabis offenses. It further requires these prior convictions be expunged and the records destroyed. When these offenders committed their offenses it was illegal under Missouri law. This initiative essentially reverses all prior convictions for these offenses. Such retroactive application of the proposed amendment would directly conflict with Missouri law.

This proposition seeks to repeal criminal statutes under Chapter 195. Section 1.160 controls the effect of the repeal or amendment of a penal statute. Pursuant to §1.160 "No offense committed and no fine, penalty or forfeiture incurred, or prosecution commenced or pending previous to or at the time when any statutory provision is repealed or amended, shall be affected by the repeal or amendment, but the trial and punishment of all such offenses, and the recovery of the fines, penalties or forfeitures shall be had, in all respects, as if the provision had not been repealed or amended, except that all such proceedings shall be conducted according to existing procedural laws." Essentially, those previously convicted or who have pending charges, prior to the effective date of the repeal, would not be impacted by the repeal. This would prevent the immediate release, expungement or destruction of these prior convictions. If passed, this would create a direct conflict between the Missouri Constitution and state statutes. A statute cannot

lawfully supersede Constitution. *McIntosh v. Haynes*, 545 S.W.2d 647 (Mo. banc 1977). Therefore, the constitutional amendment would be controlling and retroactively applied to all prior convictions and pending charges.

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In addition, offenders whose parole or probation have been revoked on a non-cannabis crime due to illegal use of marijuana would have to be released, because the use of marijuana would be made retroactively *legal*.

Finally, department officials noted that this initiative could potentially impact DOC policies regarding staff drug use and testing. Although DOC would not be prevented from disciplining an employee who is "impaired on the job by his use of cannabis" it may prevent the department from utilizing a zero tolerance approach when THC is detected, but instead require the department to affirmatively demonstrate whether an employee is "impaired."

In summary, fiscal impact due to passage of this proposal for the DOC is "Unknown."

Officials from the **Department of Revenue** indicated:

This initiative petition has no immediate impact on their department. A provision is included which allows the Missouri General Assembly to enact a tax of up to \$100 per pound on dried cannabis and cannabis products. If the General Assembly does enact the tax and requires the Missouri Department of Revenue to administer the tax, the department could have significant costs associated with staff hired to administer the tax, programming costs to develop a tracking and processing system, and other unknown administrative and postage costs.

The department assumes that any sale of cannabis would be subject to state and local sales and use taxes, which could result in an unknown positive increase to total state revenue. Medical cannabis is subject to sales tax because cannabis is not included in Title XVIII of the Social Security Act under Section 1862(a)(12). Any individual or business that is permitted to sell cannabis would also be required to register with the Department of Revenue, post a bond, and receive a sales tax license.

Officials from the **Department of Social Services** indicated:

The Department of Social Services (DSS) has reviewed IP 11-71 and determined that the fiscal impact to the Department is the same as DSS previously submitted in response to IP 11-52 and IP 11-53.

Current Family Support Division rules require that individuals who have been convicted of certain felonies related to controlled substance use, possession, and distribution be disqualified from receiving Food Stamp and Temporary Assistance benefits for themselves. These convictions include felonies related to cannabis use, possession, and distribution that may be considered legal under this proposal. This proposal would require previous felonies to be expunged, thereby making individuals, who were previously disqualified on this factor, eligible for Food Stamp and Temporary Assistance benefits. The costs to DSS result from increasing TANF benefits to families and staff costs related to processing additional food stamp applications.

IP 11-71 includes some additional language that was not in IP 11-52, IP 11-53 and IP 11-70. Current law (Sections 105.1105, 105.1108, and 105.1112) requires public employees who have been convicted of certain drug crimes to show evidence of completion of a drug abuse treatment and education program. If the public employee refuses to participate in a drug abuse treatment program or fails to complete such program within six months of his public employer becoming aware of the conviction, the public employee shall be suspended until he shows evidence of enrollment and continuing progress in a program. A second or subsequent conviction is grounds for dismissal. Such public employee is also ineligible for other public employment for a period of two years from the most recent date of conviction. The initiative petition deletes all references to marijuana in these sections; these provisions remain in effect for other types of crimes involving controlled substances and other dangerous drugs.

Sections 195.010 through 195.371 deal with the Department of Health's authority to regulate controlled substances and penalties for violations. Once again, references to marijuana and cannabis have been removed from these sections to bring them in line with the rest of the proposal that decriminalizes the use of marijuana for adults.

These other provisions will not have a significant fiscal impact on the Department of Social Services beyond that stated in the fiscal impact statement for IP 11-52 and IP 11-53.

Department officials provided the following response to IPs 11-52 and 11-53:

There will be no fiscal impact to the MO HealthNet Division. Cannabis has not been approved by the Federal Drug Administration is not rebatable, and is not on the drug formulary; therefore it would not be covered under MO HealthNet.

There will be no fiscal impact to the Division of Legal Services. The officials said several provisions of the initiative petition may conflict with applicable federal law and thus may be subject to challenge under the Supremacy Clause of the U.S. Constitution.

The Family Services Division (FSD) provided the following comments:

200 additional square feet per new FTE at a cost of \$14.82 per square foot, for a total cost of \$2,964 per FTE x 12 FTE = \$35,568 would be needed to accommodate 12 additional employees. Additional costs would be incurred for one-time and ongoing staff costs related to office furniture and equipment.

This proposal removes cannabis from the Missouri Revised Statutes list of controlled substances. In addition, this proposal would make possession, use, and sale of cannabis legal in certain circumstances and would require the release of persons incarcerated or under supervision for probation by the Missouri Board of Probation and Parole. The proposal also requires the records of previous offenses which would no longer be illegal under this proposal be expunged.

This proposal would increase the Food Stamp caseloads and require new FTE. This would also result in increased costs for EBT (Electronic Benefits Transfer) to process the additional payments to Food Stamp recipients. In the past, the increased EBT costs could have been absorbed with core funding, however caseloads have grown significantly and there is no longer sufficient funds available to absorb this increase in caseloads.

The officials estimated annualized food stamp caseload costs and EBT costs would be \$580,350 and \$46,947, respectively. Those costs would be split evenly between the General Revenue Fund and federal funds.

Current Family Support Division rules require that individuals who have been convicted of certain felonies related to controlled substance use, possession, and distribution be disqualified from receiving Food Stamp and Temporary Assistance benefits for themselves. These convictions include felonies related to cannabis use, possession, and distribution that may be considered legal under this proposal. This proposal would require previous felonies to be expunged, thereby making individuals who were previously disqualified on this factor eligible for Food Stamp and Temporary Assistance benefits.

The FSD is unable to determine how many individuals currently disqualified are disqualified solely because of a felony related to cannabis use, possession, or distribution.

There are 1,036 Temporary Assistance (TA) persons known to the FSD as having a felony drug conviction disqualification, however not receiving benefits for themselves due to the felony drug conviction. Any of these persons whose felony conviction is expunged could begin receiving benefits for themselves as long as they meet all other eligibility criteria. While these persons would not add new staff since they are part of already active cases, it would increase the amount of benefit the case receives. The FSD cannot determine how many of these persons are disqualified solely because of a cannabis related felony drug conviction. However, if 10% or 104 ($1,036 \times .10 = 103.6$, rounded up to 104) persons became eligible, this would increase the TA cash grant expenditures by \$6,032 (\$58 per person \times 104 persons) per month \times 12 months = \$72,384 per year.

This proposal may have impact on the Temporary Assistance (TA) drug testing law which goes into effect on August 28, 2011. This new law requires the FSD to screen TA applicants and recipients for illegal use of controlled substances. The FSD is then required to test each applicant or recipient the FSD has reasonable cause to believe, based on the screening, engages in the illegal use of controlled substances, using a urine dipstick five-panel drug test. If a person tests positive, he/she is subject to a three year disqualification, which would reduce the amount of cash benefit the family receives under the TA program. The five-panel drug test detects cannabis usage and the disqualification currently would apply to persons who test positive for cannabis use. However, if this proposal were to pass, the FSD assumes it would not reduce the TA benefits for persons who test positive for cannabis use when that is the only drug detected by the five-panel drug test.

There are currently 29,835 Food Stamp persons known to the FSD as having a felony drug conviction. Of these persons, 4,269 are currently on an active Food Stamp case, however not receiving Food Stamps due to the felony drug conviction. Any of these persons whose felony conviction is expunged could begin receiving benefits for themselves. These persons would not add any new staff since they are part of already active cases.

$29,835 - 4,269 = 25,566$ persons are not currently on an active Food Stamp case and would potentially be eligible if their felony conviction were expunged as a result of this proposal. Not all individuals will qualify for Food Stamps under this proposal as they either have felony convictions related to other controlled substances or do not meet other eligibility criteria. However, if 10% became eligible, 2,557 ($25,566 \times .10 = 2,556.6$, rounded up to 2,557) new cases would be added to the FSD Food Stamp caseloads.

Funding Requirements based on Staffing Needs

The FSD estimates a total of 9 new Eligibility Specialists would be needed each year to maintain the increased caseload size and take applications. This is based on an average caseload standard of 300 ($2,557/300 = 8.52$, rounded up to 9).

On a 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, the FSD would need 1 new Eligibility Supervisors ($9/10 = 0.9$, rounded up to 1).

On a ratio of 6-1 Eligibility Specialist/Eligibility Supervisor to Professional Staff, the FSD would need an additional 2 professional staff. ($9 + 1 = 10/6 = 1.67$, rounded up to 2. $2 \times 75\% = 1.5$, rounded up to 2 OSA).

Total new FTE: $9 + 1 + 2 = 12$

The FSD assumes existing Central Office Program Development Specialists in the Policy Unit will be able to complete necessary policy and/or forms changes.

Other Funding Requirements

There will be increased EBT costs to process the additional Food Stamp payments to recipients. In the past, the increased EBT costs could have been absorbed with core funding, however caseloads have grown significantly and there is no longer sufficient funds available to absorb this increase in caseloads.

The cost of EBT services to process each Food Stamp case is \$1.53 per month. Since it is projected that 2,557 new cases could be added, the estimated increased cost for EBT is \$46,947 ($2,557 \text{ cases} \times 12 \text{ months} \times \$1.53 = \$46,947$).

Officials from the **Governor's office** indicated there should be no added costs to their office if this proposed amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no impact to their department.

Officials from the **Office of Administration (OA)** indicated:

OA would incur costs (amount unknown) due to modifications to various state computer systems related to the tax and administration provisions of the act.

Budget and Planning (B&P) assumes the revenue generated from the tax levied at the retail level would be deposited into the state's general revenue fund. Further, B&P assumes the retail sale of cannabis would be subject to state sales tax, therefore increasing collections to the state's general revenue fund, the School District Trust Fund, the Conservation Commission Fund, the State Park Sales Tax Fund, and the Soil and Water Sales Tax Fund. B&P does not have the data available to provide an estimate.

Officials from the **Office of State Courts Administrator** indicated there will be no fiscal impact on the courts.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition has an unknown impact on the State Public Defender System. Perhaps fewer drug cases would be filed against indigent persons who would require public defender services. This would include all possession, cultivating and/or selling charges. It also includes the possession of drug paraphernalia.

Officials from the **State Treasurer's office** indicated this initiative petition will have no impact to their office.

Officials from **Greene County** indicated no fiscal impact is anticipated. They referred this initiative petition to their Sheriff for possible comment.¹

Officials from the **City of Columbia** indicated they anticipate no significant fiscal impact.

Officials from the **City of Jefferson** indicated they expect no fiscal impact if this petition becomes law.

Officials from the **City of Raymore** indicated there will be no fiscal impact.

Officials from the **City of St. Joseph** indicated this action could provide an unknown amount of additional business license revenue from new businesses. No known cost or savings from it.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

¹ No other comments were provided.

Officials from **Metropolitan Community College** indicated this petition would have no direct fiscal impact on their college.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Missouri Senate**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Annual state government operating costs would increase by at least \$1 million with the total increase being unknown. Those costs would be offset by an unknown increase in fee and tax revenues. The fiscal impact to local governmental entities is unknown with some increase in revenue possible.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-72)**

Subject

Initiative petition from Christopher Grant regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received October 5, 2011)

Date

October 25, 2011

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Callaway County**, **Cass County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Christopher N. Grant provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated they are deferring to the Office of Administration's fiscal note on this petition.

Officials from the **Department of Economic Development** indicated there will be no impact for their department.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated that businesses that they regulate or otherwise work with may be impacted.

Section 290.502.1 increases the minimum wage to \$8.25 per hour effective January 1, 2013. They defer to the Office of Administration regarding the statewide fiscal impact of this initiative petition.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no anticipated cost or savings to their department.

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated that per instructions from the Office of Administration (OA), the department defers to them for response on this initiative petition. It is their understanding that OA plans to respond for all state agencies.

Officials from the **Department of Corrections** indicated they are deferring to the Office of Administration on behalf of their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated they defer to the Office of Administration to provide a statewide estimate for the fiscal impact on all state agencies.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that they expect this proposal would initially result in an adverse fiscal impact of less than \$100,000 to their department. The extent of the adverse impact could increase in the future should the federal minimum wage rate increase above the minimum wage rate being proposed.

Officials from the **Department of Transportation** indicated this initiative petition would have no impact on their revenues. However, contracts they have with any business would be required to raise its minimum wage of its employees that perform services. Those higher wages could be passed on to them. There likely won't be many impacted contracts, since most MoDOT contractors pay prevailing wages, but it could impact contracts such as for cleaning services, therefore our expenditures for these contracts could go up.

Officials from the **Office of Administration** indicated:

These proposed amendments raise the state minimum wage to \$8.25 per hour and make other technical changes to the state's minimum wage laws. This proposal will have no direct impact on the Division of Budget & Planning, but will impact the Office of Administration (OA) and other state agencies.

Because no tax rates are impacted, there is no direct impact on general and total state revenues. However, these proposals may have several indirect impacts which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2010, Missouri had 123,000 hourly employees earning wages at or below the federal minimum wage.¹
- Increased consumption by those employees
- Lower overall employment (if employers choose to hold costs steady)
- Lower business investment (if employers' payrolls increase)
- Increased prices as firms pass-through labor costs.

This proposal may increase personnel costs for the state. According to OA's Division of Personnel, in late September 2011 there were 834 employees that could be impacted by increasing the minimum wage. The approximate annual cost of increasing wages to \$8.25 per hour would be more than \$540,000. However, the Division notes that this did not include certain seasonal employment, such as State Fair employees, DNR State Parks employees, DOR season tax staff, etc. Of note:

¹ <http://www.bls.gov/cps/minwage2010tbls.htm#2>

- DOR notes that this proposal would increase their costs for temporary tax season staff by \$40,000;
- DNR has over 500 employees earning less than the proposed minimum during the year; and
- MDA reports that the State Fair hired approximately 745 employees as either fair week employees or seasonal fair workers that make less than \$8.25 an hour. In total, these employees amounted to approximately 29.00 FTE and earned a total of \$481,103.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition will have no impact to their office.

Officials from **Jasper County** indicated it won't affect Jasper County government because the minimum wage paid to county employees is already greater than the proposed wage rate of \$8.25 / hr.

Officials from the **City of Columbia** indicated:

If there had been a minimum hourly rate of \$8.25 for checks dated in our FY 2011, it would have cost the city \$130,873.21 more, in hourly wages.

Additionally, it would have cost an additional \$8,114.14 in FICA tax, and \$1,897.66 in Medicare tax.

The total of these is:
\$140,885.01

Officials from the **City of Jefferson** indicated if this petition passed it would cost the city approximately \$98,947 per year.

Officials from the **City of St. Joseph** indicated this action would have a cost associated with the wages paid to most of their temporary and seasonal part time employees. They currently pay a minimum of \$7.25/hour. A one-dollar an hour increase would cost an estimated \$102,350 in wages, FICA/FIM, workers compensation.

Officials from the **City of St. Louis** indicated unknown local fiscal impact. While raises to the minimum wage could potentially result in an increase in local earnings and payroll taxes, there is also the potential that the increased payroll costs could be offset by a reduction in workforce at affected establishments thus negating all or a portion of the revenue gains.

Officials from **Linn State Technical College** indicated that based on the information presented, the estimated financial impact to Linn State Technical College would be \$25,000 in the first year.

Officials from **Metropolitan Community College** indicated this proposal would cost them approximately \$405,000.

Christopher N. Grant provided information as a proponent of this initiative petition.

Mr. Grant said he recently filed a proposed initiative petition for the 2012 election seeking to raise Missouri's minimum wage. In March 2006, the Missouri State Auditor's Office prepared Fiscal Note No. 06-16,² analyzing the projected fiscal impact of a similar earlier initiative to raise Missouri's minimum wage, which was approved by the voters in November 2006.

To assist the Auditor's Office, and the State Office of Administration – Division of Budget and Planning (BAP), in preparing the fiscal note for the new initiative petition, Mr. Grant said he has prepared a draft, which updates much of the 2006 analysis in light of the new proposal. Attached is the draft of the updated fiscal note, together with an Excel table providing more background on data sources and calculations. He said that he has left blank the sections on projected personnel costs for state agencies as we do have access to the necessary state data to update those calculations. For your reference, the corresponding figures from Fiscal Note No. 06-16 are presented in the draft in square brackets alongside the updates figures.

He said he hoped these materials are useful to your agencies as you prepare the fiscal note on the new initiative petition.

² Mo. State Auditor, Fiscal Note No. 06-16, <http://www.auditor.mo.gov/notes/06-16.pdf>.

2012 Missouri Minimum Wage Initiative – Calculations Supporting Revenue Impact Estimate

Total MO Employees on Non-Farm Payrolls, Aug. 2011

<http://www.bls.gov/news.release/laus.t05.htm>

2,652,400

MO Employees by Wage Range

Wage Range	% of MO Workers	Number of Workers	Average Raise Under \$8.25 Min Wage
\$7.25 or less	5%	132,620	
Around \$7.25*	3.13%	83,020	\$1.00
\$7.25-\$8.25	7.80%	206,887	\$0.50
\$8.25-\$9.25	6.70%	177,711	\$0.25

Analysis of US BLS Current Population Survey, Q3 2010 - Q2 2011
Outgoing Rotation Group data by the Economic Policy Institute
For more information, contact David Cooper, dcooper@epi.org, (202) 533-2566

Average Hours Worked Weekly by Min Wage Workers in U.S.

See "Average Hours Analysis" tab

30

Projected Increased Income Annually

\$360,190,615

Share of Min Wage Workers Under Age 25

US BLS, 2010 Current Population Survey, Characteristics of Minimum Wage Workers, Table 7
<http://www.bls.gov/cps/minwage2010.htm>

49%

Marginal MO Income Tax Rate for Young Min Wage

6%

Workers Claimed as Dependents

Projected Income Tax Revenue Increase

\$10,589,604

Percent of Worker Income Spent on MO Taxable Items

MO Auditor's Office, Fiscal Note (06-16), 2006 & US BLS Consumer Expenditures Survey 2010
<http://www.cbo.gov/ftpdocs/123xx/doc12316/08-24-BudgetEconUpdate.pdf>

25%

Projected Increased Taxable Consumer Spending

\$90,047,654

State Portion of Sales Tax Rate

4.225%

Projected Sales Tax Revenue Increase

\$3,804,513

Projected Cost of Living Change for 2013 and 2014

CBO, The Budget and Economic Outlook: An Update, Summary Table 2 (Aug. 2011)

1.6%

Projected Minimum Wage Rates

Based on projected 1.6% cost of living increase, rounded to nearest 5 cents
Based on projected 1.6% cost of living increase, rounded to nearest 5 cents

2013 \$8.25
2014 \$8.40
2015 \$8.55

Projected Total Tax Revenue Increase, 2013

\$14,394,117

* Between 90% of the minimum wage (\$6.52) and 100% of the minimum wage (\$7.25)

Usual hours worked per week, by hourly wage, 2010

	Average	Median
\$6.25-7.24	30.8	35.0
\$7.25-8.24	28.6	30.0
\$8.25-9.25	32.4	36.0
\$6.25-9.25	30.4	32.0
\$9.26 or more	39.4	40.0

Source: Analysis of US BLS Current Population Survey

Outgoing Rotation Group by the Center for Economic and Policy Research

For more information, contact John Schmitt, schmitt@cepr.net, (202) 293-5380 ext. 113

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-__)

Subject

Initiative petition from _____ regarding a proposed statutory amendment to Chapter 290 of the Revised Missouri Statutes concerning minimum wage, version __. (Received September __, 2011)

Date

Description

This initiative petition would amend Chapter 290 of the Revised Statutes of Missouri. Effective January 1, 2013, the petition would raise Missouri's minimum wage to \$8.25 per hour from the current rate for 2012 of \$7.25. The petition would also raise Missouri's minimum wage for workers who receive tips such as waitresses and waiters from the current 50 percent of the minimum wage up to 60 percent.

Section 290.502.2 currently requires that the minimum wage increase or decrease each January 1 by the increase or decrease in the cost of living. The petition would amend this section to provide that such annual adjustments in the minimum wage would continue starting on January 1, 2014 – one year after the increase in the minimum wage to \$8.25.

Section 290.500.3(m) currently exempts from the minimum wage employees of small retail and service businesses with less than \$500,000 in annual sales. The petition would expand that exemption by increasing the current exemption for such businesses up to \$575,000, and then adjusting that figure each year based on the cost of living.

[Section 290.502.1 currently requires employers to pay either the current minimum wage rate or the federal minimum wage rate, whichever is higher. Section 290.502.2 requires that the minimum wage shall be adjusted each year based on the cost of living. The petition would clarify that when the federal minimum wage is raised above the state minimum wage and the state rate increases to match it, future annual cost of living adjustments are then made based on that higher rate.]

Section 290.527 currently requires that when an employer underpays an employee, it must pay the worker the unpaid wages and an additional equal amount as liquidated damages. The petition would increase those liquidated damages to twice the unpaid wages.

Section 290.527 currently gives employees two years from the date that they are underpaid to file a claim. The petition would extend that period to three years.

The amendment is to be voted on in November, 2012. The effective date of the amendment will be January 1, 2013.

Public comments and other input

The State Auditor's Office received input from the Attorney General's Office, the Office of Administration, the Department of Agriculture, the Department of Economic Development, the Department of Elementary and Secondary Education, and the Department of Labor and Industrial Relations.

Assumptions

Officials from the Attorney General's office indicated the implementation of the changes would not create a fiscal impact for the office.

Officials from the Office of Administration – Division of Budget and Planning (BAP) indicated this act would place a proposal on the November 2012 ballot to increase the minimum wage required to be paid to specified hourly employees in Missouri. BAP has identified several economic consequences of this proposal which may lead to a direct or indirect fiscal impact on state and local government, including but not limited to the following:

- A. An increase in wages for certain hourly employees, which leads to a direct increase in taxable income.
- B. A potential increase in consumer spending based on increased income, which leads to an indirect increase in taxable sales.
- C. The potential for lower employment, especially at certain firms dependent on low-wage labor.
- D. The potential for decreased business investment by certain firms dependent on low-wage labor.
- E. The potential for inflation, as firms pass on increased labor costs to consumers.
- F. The potential for increased costs for the state, to the extent that the state compensates employees below the proposed levels.

According to the U.S. Census Bureau's 2010 Current Population Survey, about 5% of hourly workers in Missouri were at or below the current Missouri and federal minimum wage of \$7.25 per hour. However, because some of those workers earning less than the current minimum wage may be exempt from minimum wage coverage, we look just at those workers earning between 90% of the minimum wage (about \$6.52 per hour) and \$7.25 in order to estimate the group of workers earning at or less than the minimum wage

who would receive wages under the proposal. This smaller group makes up 3.13% of workers in Missouri.

Another 7.8% of Missouri workers are between \$7.25 and \$8.25 per hour. Their wages would also be increased under the proposition. Finally, because it is commonly understood that wages of workers earning slightly more than the minimum wage often go up when the minimum wage is raised, it is appropriate to include the group of workers earning between \$8.25 and \$9.25 per hour, which represent 6.7% of the Missouri workforce.

Applying these percentages to the most recent Local Area Unemployment Statistics total nonfarm employment for Missouri published by the Bureau of Labor Statistics (2,652,400), we estimate that 83,020 Missouri workers currently earn at or slightly less than the current minimum wage of \$7.25 per hour; another 206,887 workers earn between \$7.25 and the proposed new minimum wage rate of \$8.25 per hour; and 177,711 workers earn between \$8.25 and \$9.25 per hour -- slightly more than the proposed new minimum wage rate.

For purposes of determining the wage increase that would result from the proposition, BAP assumes that workers earning at or slightly less than \$7.25 would average a \$1.00 wage increase; that workers earning between \$7.25 and \$8.25 per hour would average a \$0.50 wage increase; and that workers earning between \$8.25 and \$9.25 per hour would average a \$0.25 wage increase.

According to the Bureau of Labor Statistics, the average work week for low-wage workers in the United States is an estimated 30 [29] hours. Applying that work week to the affected worker and wage increase estimates above, BAP estimates that the total income gain across the state would be \$360,190,615 [\$85,503,600] in fiscal year 2014.

According to Table 7 of "Characteristics of Minimum Wage Workers: 2010" as published by the United States Bureau of Labor Statistics, February 2011, 49% [50%] of workers in this category are under age 25. BAP assumes that the vast majority of these workers can be claimed as dependents, and that this income is fully taxable at the full 6% rate in statute. For the remaining 50% of these workers who are independent adults, BAP assumes little or none of this income is taxable after standard and other deductions at the state and federal levels are applied. BAP assumes, therefore, that slightly less than half (49%) of the marginal income gain will be taxed at 6%. Based on these assumptions, BAP estimates the total income tax gain to be \$10,589,604 [\$2,565,108] in fiscal year 2014.

Data from the US BLS 2010 Consumer Expenditures Survey suggests that consumers in these income categories spend at least an estimated 25% of their income on items taxable in Missouri. BAP estimates \$90,047,654 [\$21,375,900] in new spending, and \$3,804,513 [\$903,132] in sales tax increases in fiscal year 2014.

Finally, officials from the Office of Administration, Division of Personnel, estimate increased personal service expenditures of \$_____ [\$70,779] to ensure all state employees are paid at the proposed rate in fiscal year 2014.

Therefore, BAP estimates the fiscal impact of this proposal to be \$_____ [\$3,397,461] in the first full year of implementation. BAP recognizes that, if approved, this proposal goes into effect January 1, 2013. This could translate into some fiscal gains in the second half of FY 2013, depending on the withholding schedules and spending patterns of the employees impacted by this proposal.

The proposed minimum wage is increased each year by a specified inflation index and rounded to the nearest nickel. BAP assumes the inflation rate to be 1.6% [3%] each year. The minimum wage rates would thus be \$8.25, \$8.40, and \$8.55, respectively, for the first three years of the proposal.

Officials from the Department of Agriculture estimate the initiative petition will cost their agency \$_____ [\$50,020] the first year after passage by requiring a minimum wage of \$8.25 per hour to be paid at the Missouri State Fair. Continued unknown cost to the Missouri State Fair as a result of the statutory change would require cost of living increases/decreases to be added or subtracted to \$8.25 each year beginning in 2014.

Additional FY2014 cost for Missouri State Fair Fund was calculated using actual 2011 fair costs. Since the vote of the people in November 2012 will determine whether or not the initiative passes, no fiscal impact was determined for FY2013.

Officials from the Department of Economic Development indicated the initiative petition would have no fiscal impact on their office.

Officials from the Department of Elementary and Secondary Education indicated the initiative petition would have no fiscal impact on their office.

According to officials from the Department of Labor and Industrial Relations, this legislation would not increase the workload performed by the Department's Division of Labor Standards.

	FY2012	FY2013	FY2014
Revenues	\$14,394,117 [\$3,468,240]	\$_____ [\$3,982,053]	\$_____ [\$4,495,867]
Expenditures	\$_____ [(191,959)]	\$_____ [(156,837)]	\$_____ [(159,026)]
Net Fiscal Impact	\$_____ [\$3,276,281]	\$_____ [\$3,825,216]	\$_____ [\$4,336,841]

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Revenue**, the **Department of Public Safety**, **Boone County**, **Callaway County**, **Cass County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Increased state and local government wage and benefit costs resulting from this proposal will exceed \$1 million annually. State government income and sales tax revenue could increase by an estimated \$14.4 million annually; however, business employment decisions will impact any potential change in revenue. Local government revenue will change by an unknown amount.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-73)**

Subject

Initiative petition from Christopher Grant regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received October 5, 2011)

Date

October 25, 2011

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Boone County**, **Callaway County**, **Cass County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Christopher N. Grant provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated they are deferring to the Office of Administration's fiscal note on this petition.

Officials from the **Department of Economic Development** indicated there will be no impact for their department.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated that businesses that they regulate or otherwise work with may be impacted.

Section 290.502.1 increases the minimum wage to \$8.25 per hour effective January 1, 2013. They defer to the Office of Administration regarding the statewide fiscal impact of this initiative petition.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no anticipated cost or savings to their department.

Officials from the **Department of Mental Health** indicated they defer their response to the Office of Administration, Division of Budget and Planning.

Officials from the **Department of Natural Resources** indicated that per instructions from the Office of Administration (OA), the department defers to them for response on this initiative petition. It is their understanding that OA plans to respond for all state agencies.

Officials from the **Department of Corrections** indicated they are deferring to the Office of Administration on behalf of their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated they defer to the Office of Administration to provide a statewide estimate for the fiscal impact on all state agencies.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that they expect this proposal would initially result in an adverse fiscal impact of less than \$100,000 to their department. For years thereafter, the extent of the fiscal impact is unknown, as the minimum wage would be increased or decreased by the increase or decrease in the cost of living.

Officials from the **Department of Transportation** indicated this initiative petition would have no impact on their revenues. However, contracts they have with any business would be required to raise its minimum wage of its employees that perform services. Those higher wages could be passed on to them. There likely won't be many impacted contracts, since most MoDOT contractors pay prevailing wages, but it could impact contracts such as for cleaning services, therefore our expenditures for these contracts could go up.

Officials from the **Office of Administration** indicated:

These proposed amendments raise the state minimum wage to \$8.25 per hour and make other technical changes to the state's minimum wage laws. This proposal will have no direct impact on the Division of Budget & Planning, but will impact the Office of Administration (OA) and other state agencies.

Because no tax rates are impacted, there is no direct impact on general and total state revenues. However, these proposals may have several indirect impacts which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2010, Missouri had 123,000 hourly employees earning wages at or below the federal minimum wage.¹
- Increased consumption by those employees
- Lower overall employment (if employers choose to hold costs steady)
- Lower business investment (if employers' payrolls increase)
- Increased prices as firms pass-through labor costs.

This proposal may increase personnel costs for the state. According to OA's Division of Personnel, in late September 2011 there were 834 employees that could be impacted by increasing the minimum wage. The approximate annual cost of increasing wages to \$8.25 per hour would be more than \$540,000. However, the Division notes that this did not include certain seasonal employment, such as State Fair employees, DNR State Parks employees, DOR season tax staff, etc. Of note:

¹ <http://www.bls.gov/cps/minwage2010tbls.htm#2>

- DOR notes that this proposal would increase their costs for temporary tax season staff by \$40,000;
- DNR has over 500 employees earning less than the proposed minimum during the year; and
- MDA reports that the State Fair hired approximately 745 employees as either fair week employees or seasonal fair workers that make less than \$8.25 an hour. In total, these employees amounted to approximately 29.00 FTE and earned a total of \$481,103.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition will have no impact to their office.

Officials from **Jasper County** indicated it won't affect Jasper County government because the minimum wage paid to county employees is already greater than the proposed wage rate of \$8.25 / hr.

Officials from the **City of Columbia** indicated:

If there had been a minimum hourly rate of \$8.25 for checks dated in our FY 2011, it would have cost the city \$130,873.21 more, in hourly wages.

Additionally, it would have cost an additional \$8,114.14 in FICA tax, and \$1,897.66 in Medicare tax.

The total of these is:
\$140,885.01

Officials from the **City of Jefferson** indicated if this petition passed it would cost the city approximately \$98,947 per year.

Officials from the **City of St. Joseph** indicated this action would have a cost associated with the wages paid to most of their temporary and seasonal part time employees. They currently pay a minimum of \$7.25/hour. A one-dollar an hour increase would cost an estimated \$102,350 in wages, FICA/FIM, workers compensation.

Officials from the **City of St. Louis** indicated unknown local fiscal impact. While raises to the minimum wage could potentially result in an increase in local earnings and payroll taxes, there is also the potential that the increased payroll costs could be offset by a reduction in workforce at affected establishments thus negating all or a portion of the revenue gains.

Officials from **Linn State Technical College** indicated that based on the information presented, the estimated financial impact to Linn State Technical College would be \$25,000 in the first year.

Officials from **Metropolitan Community College** indicated this proposal would cost them approximately \$405,000.

Christopher N. Grant provided information as a proponent of this initiative petition.

Mr. Grant said he recently filed a proposed initiative petition for the 2012 election seeking to raise Missouri's minimum wage. In March 2006, the Missouri State Auditor's Office prepared Fiscal Note No. 06-16,² analyzing the projected fiscal impact of a similar earlier initiative to raise Missouri's minimum wage, which was approved by the voters in November 2006.

To assist the Auditor's Office, and the State Office of Administration – Division of Budget and Planning (BAP), in preparing the fiscal note for the new initiative petition, Mr. Grant said he has prepared a draft, which updates much of the 2006 analysis in light of the new proposal. Attached is the draft of the updated fiscal note, together with an Excel table providing more background on data sources and calculations. He said that he has left blank the sections on projected personnel costs for state agencies as we do have access to the necessary state data to update those calculations. For your reference, the corresponding figures from Fiscal Note No. 06-16 are presented in the draft in square brackets alongside the updates figures.

He said he hoped these materials are useful to your agencies as you prepare the fiscal note on the new initiative petition.

² Mo. State Auditor, Fiscal Note No. 06-16, <http://www.auditor.mo.gov/notes/06-16.pdf>.

2012 Missouri Minimum Wage Initiative – Calculations Supporting Revenue Impact Estimate

Source

Total MO Employees on Non-Farm Payrolls, Aug. 2011

2,652,400

<http://www.bls.gov/news.release/laus.t05.htm>

MO Employees by Wage Range

Wage Range	% of MO Workers	Number of Workers	Average Raise Under \$8.25 Min Wage
\$7.25 or less	5%	132,620	Analysis of US BLS Current Population Survey, Q3 2010 - Q2 2011
Around \$7.25*	3.13%	83,020	Outgoing Rotation Group data by the Economic Policy Institute
\$7.25-\$8.25	7.80%	206,887	For more information, contact David Cooper, dcooper@epi.org , (202) 533-2566
\$8.25-\$9.25	6.70%	177,711	

Average Hours Worked Weekly by Min Wage Workers in U.S.

30

See "Average Hours Analysis" tab

Projected Increased Income Annually

\$360,190,615

Share of Min Wage Workers Under Age 25

49%

US BLS, 2010 Current Population Survey, Characteristics of Minimum Wage Workers, Table 7
<http://www.bls.gov/cps/minwage2010.htm>

Marginal MO Income Tax Rate for Young Min Wage Workers Claimed as Dependents

6%

Projected Income Tax Revenue Increase

\$10,589,604

Percent of Worker Income Spent on MO Taxable Items

25%

MO Auditor's Office, Fiscal Note (06-16), 2006 & US BLS Consumer Expenditures Survey 2010
<http://www.cbo.gov/ftpdocs/123xx/doc12316/08-24-BudgetEconUpdate.pdf>

Projected Increased Taxable Consumer Spending

\$90,047,654

State Portion of Sales Tax Rate

4.225%

Projected Sales Tax Revenue Increase

\$3,804,513

Projected Cost of Living Change for 2013 and 2014

1.6%

CBO, The Budget and Economic Outlook: An Update, Summary Table 2 (Aug. 2011)

Projected Minimum Wage Rates

2013	\$8.25
2014	\$8.40
2015	\$8.55

Based on projected 1.6% cost of living increase, rounded to nearest 5 cents
Based on projected 1.6% cost of living increase, rounded to nearest 5 cents

Projected Total Tax Revenue Increase, 2013

\$14,394,117

* Between 90% of the minimum wage (\$6.52) and 100% of the minimum wage (\$7.25)

Usual hours worked per week, by hourly wage, 2010

	Average	Median
\$6.25-7.24	30.8	35.0
\$7.25-8.24	28.6	30.0
\$8.25-9.25	32.4	36.0
\$6.25-9.25	30.4	32.0
\$9.26 or more	39.4	40.0

Source: Analysis of US BLS Current Population Survey

Outgoing Rotation Group by the Center for Economic and Policy Research

For more information, contact John Schmitt, schmitt@cepr.net, (202) 293-5380 ext. 113

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-__)

Subject

Initiative petition from _____ regarding a proposed statutory amendment to Chapter 290 of the Revised Missouri Statutes concerning minimum wage, version __. (Received September __, 2011)

Date

Description

This initiative petition would amend Chapter 290 of the Revised Statutes of Missouri. Effective January 1, 2013, the petition would raise Missouri's minimum wage to \$8.25 per hour from the current rate for 2012 of \$7.25. The petition would also raise Missouri's minimum wage for workers who receive tips such as waitresses and waiters from the current 50 percent of the minimum wage up to 60 percent.

Section 290.502.2 currently requires that the minimum wage increase or decrease each January 1 by the increase or decrease in the cost of living. The petition would amend this section to provide that such annual adjustments in the minimum wage would continue starting on January 1, 2014 – one year after the increase in the minimum wage to \$8.25.

Section 290.500.3(m) currently exempts from the minimum wage employees of small retail and service businesses with less than \$500,000 in annual sales. The petition would expand that exemption by increasing the current exemption for such businesses up to \$575,000, and then adjusting that figure each year based on the cost of living.

[Section 290.502.1 currently requires employers to pay either the current minimum wage rate or the federal minimum wage rate, whichever is higher. Section 290.502.2 requires that the minimum wage shall be adjusted each year based on the cost of living. The petition would clarify that when the federal minimum wage is raised above the state minimum wage and the state rate increases to match it, future annual cost of living adjustments are then made based on that higher rate.]

Section 290.527 currently requires that when an employer underpays an employee, it must pay the worker the unpaid wages and an additional equal amount as liquidated damages. The petition would increase those liquidated damages to twice the unpaid wages.

Section 290.527 currently gives employees two years from the date that they are underpaid to file a claim. The petition would extend that period to three years.

The amendment is to be voted on in November, 2012. The effective date of the amendment will be January 1, 2013.

Public comments and other input

The State Auditor's Office received input from the Attorney General's Office, the Office of Administration, the Department of Agriculture, the Department of Economic Development, the Department of Elementary and Secondary Education, and the Department of Labor and Industrial Relations.

Assumptions

Officials from the Attorney General's office indicated the implementation of the changes would not create a fiscal impact for the office.

Officials from the Office of Administration – Division of Budget and Planning (BAP) indicated this act would place a proposal on the November 2012 ballot to increase the minimum wage required to be paid to specified hourly employees in Missouri. BAP has identified several economic consequences of this proposal which may lead to a direct or indirect fiscal impact on state and local government, including but not limited to the following:

- A. An increase in wages for certain hourly employees, which leads to a direct increase in taxable income.
- B. A potential increase in consumer spending based on increased income, which leads to an indirect increase in taxable sales.
- C. The potential for lower employment, especially at certain firms dependent on low-wage labor.
- D. The potential for decreased business investment by certain firms dependent on low-wage labor.
- E. The potential for inflation, as firms pass on increased labor costs to consumers.
- F. The potential for increased costs for the state, to the extent that the state compensates employees below the proposed levels.

According to the U.S. Census Bureau's 2010 Current Population Survey, about 5% of hourly workers in Missouri were at or below the current Missouri and federal minimum wage of \$7.25 per hour. However, because some of those workers earning less than the current minimum wage may be exempt from minimum wage coverage, we look just at those workers earning between 90% of the minimum wage (about \$6.52 per hour) and \$7.25 in order to estimate the group of workers earning at or less than the minimum wage

who would receive wages under the proposal. This smaller group makes up 3.13% of workers in Missouri.

Another 7.8% of Missouri workers are between \$7.25 and \$8.25 per hour. Their wages would also be increased under the proposition. Finally, because it is commonly understood that wages of workers earning slightly more than the minimum wage often go up when the minimum wage is raised, it is appropriate to include the group of workers earning between \$8.25 and \$9.25 per hour, which represent 6.7% of the Missouri workforce.

Applying these percentages to the most recent Local Area Unemployment Statistics total nonfarm employment for Missouri published by the Bureau of Labor Statistics (2,652,400), we estimate that 83,020 Missouri workers currently earn at or slightly less than the current minimum wage of \$7.25 per hour; another 206,887 workers earn between \$7.25 and the proposed new minimum wage rate of \$8.25 per hour; and 177,711 workers earn between \$8.25 and \$9.25 per hour -- slightly more than the proposed new minimum wage rate.

For purposes of determining the wage increase that would result from the proposition, BAP assumes that workers earning at or slightly less than \$7.25 would average a \$1.00 wage increase; that workers earning between \$7.25 and \$8.25 per hour would average a \$0.50 wage increase; and that workers earning between \$8.25 and \$9.25 per hour would average a \$0.25 wage increase.

According to the Bureau of Labor Statistics, the average work week for low-wage workers in the United States is an estimated 30 [29] hours. Applying that work week to the affected worker and wage increase estimates above, BAP estimates that the total income gain across the state would be \$360,190,615 [\$85,503,600] in fiscal year 2014.

According to Table 7 of "Characteristics of Minimum Wage Workers: 2010" as published by the United States Bureau of Labor Statistics, February 2011, 49% [50%] of workers in this category are under age 25. BAP assumes that the vast majority of these workers can be claimed as dependents, and that this income is fully taxable at the full 6% rate in statute. For the remaining 50% of these workers who are independent adults, BAP assumes little or none of this income is taxable after standard and other deductions at the state and federal levels are applied. BAP assumes, therefore, that slightly less than half (49%) of the marginal income gain will be taxed at 6%. Based on these assumptions, BAP estimates the total income tax gain to be \$10,589,604 [\$2,565,108] in fiscal year 2014.

Data from the US BLS 2010 Consumer Expenditures Survey suggests that consumers in these income categories spend at least an estimated 25% of their income on items taxable in Missouri. BAP estimates \$90,047,654 [\$21,375,900] in new spending, and \$3,804,513 [\$903,132] in sales tax increases in fiscal year 2014.

Finally, officials from the Office of Administration, Division of Personnel, estimate increased personal service expenditures of \$_____ [\$70,779] to ensure all state employees are paid at the proposed rate in fiscal year 2014.

Therefore, BAP estimates the fiscal impact of this proposal to be \$_____ [\$3,397,461] in the first full year of implementation. BAP recognizes that, if approved, this proposal goes into effect January 1, 2013. This could translate into some fiscal gains in the second half of FY 2013, depending on the withholding schedules and spending patterns of the employees impacted by this proposal.

The proposed minimum wage is increased each year by a specified inflation index and rounded to the nearest nickel. BAP assumes the inflation rate to be 1.6% [3%] each year. The minimum wage rates would thus be \$8.25, \$8.40, and \$8.55, respectively, for the first three years of the proposal.

Officials from the Department of Agriculture estimate the initiative petition will cost their agency \$_____ [\$50,020] the first year after passage by requiring a minimum wage of \$8.25 per hour to be paid at the Missouri State Fair. Continued unknown cost to the Missouri State Fair as a result of the statutory change would require cost of living increases/decreases to be added or subtracted to \$8.25 each year beginning in 2014.

Additional FY2014 cost for Missouri State Fair Fund was calculated using actual 2011 fair costs. Since the vote of the people in November 2012 will determine whether or not the initiative passes, no fiscal impact was determined for FY2013.

Officials from the Department of Economic Development indicated the initiative petition would have no fiscal impact on their office.

Officials from the Department of Elementary and Secondary Education indicated the initiative petition would have no fiscal impact on their office.

According to officials from the Department of Labor and Industrial Relations, this legislation would not increase the workload performed by the Department's Division of Labor Standards.

	FY2012	FY2013	FY2014
Revenues	\$14,394,117 [\$3,468,240]	\$_____ [\$3,982,053]	\$_____ [\$4,495,867]
Expenditures	\$_____ [(191,959)]	\$_____ [(156,837)]	\$_____ [(159,026)]
Net Fiscal Impact	\$_____ [\$3,276,281]	\$_____ [\$3,825,216]	\$_____ [\$4,336,841]

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Revenue**, the **Department of Public Safety**, **Boone County**, **Callaway County**, **Cass County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Increased state and local government wage and benefit costs resulting from this proposal will exceed \$1 million annually. State government income and sales tax revenue could increase by an estimated \$14.4 million annually; however, business employment decisions will impact any potential change in revenue. Local government revenue will change by an unknown amount.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-75)

Subject

Initiative petition from Marc Ellinger regarding a proposed amendment to Chapters 84, 86, and 105 of the Revised Statutes of Missouri. (Received November 15, 2011)

Date

December 2, 2011

Description

This proposal would amend Chapters 84, 86, and 105 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Jackson County Legislators**, **St. Louis County**, the **City of Kansas City**, the **City of St. Louis**, **Rockwood R-VI School District**, **University of Missouri**, **St. Louis Community College**, the **Kansas City Board of Police Commissioners**, and the **St. Louis Board of Police Commissioners**.

Assumptions

Officials from the **Attorney General's office** indicated that any resulting costs of the proposal could be absorbed with existing resources. Section 84.345.2 of the proposal provides that the state would continue to provide representation, and reimbursement of claims from the Legal Expense Fund ("LEF") pursuant to § 105.726, for claims arising out of actions occurring before the date of completion of transfer to local control. The earliest date the City of St. Louis could establish a local police force is July 1, 2013.

Some statutes of limitation to bring a claim are five years. Consequently, officials from the AGO do not expect cost savings over the next few years.

Also, section 105.726.3 of the proposal repeals the provision that the state Legal Expense Fund reimburse Kansas City or St. Louis "on an equal share basis per claim" up to \$1 million for related judgments. Consequently, LEF would cover the first \$1 million instead of sharing that amount with each city. In most previous years, the \$1 million cap has not been met. Therefore, the repeal of the "equal share per claim" provision would increase the cost to the state up to that amount.

Officials from the **Department of Agriculture** indicated there will be no impact on their department.

Officials from the **Department of Economic Development** indicated no impact is anticipated for their department.

Officials from the **Department of Higher Education** indicated this proposal would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no immediate monetary impact on their department.

Section 84.341 as written conflicts with the confidentiality statute, Section 32.057, RSMo. The Director of Revenue is a state appointed official, and would be in violation of Section 84.341, RSMo, if she refused to disclose tax information as to be in conformity with Section 32.057, RSMo.

Officials from the **Department of Public Safety** indicated they assume that any costs associated with this initiative, if approved by the voters, can be absorbed with existing resources.

Officials from the **Department of Social Services** indicated there is no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there is no fiscal impact to their department.

Officials from the **Office of Administration** indicated they estimate annual net savings to the general revenue fund of \$500,000. This is calculated from an estimated \$1 million savings based on the changes in defending and paying claims against the St. Louis Board of Police Commissioners and \$500,000 of additional costs of claims based on changes in defending and paying claims against the Kansas City Board of Police Commissioners.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition has no impact on their office.

Officials from the **City of Kansas City** indicated there is no fiscal impact to their city.

Officials from the **City of St. Louis** indicated:

They believe that the fiscal impact of the amendments to Missouri's statutes proposed in this initiative petition will be extremely positive for their city in a variety of ways, as follows.

First, city officials believe that these amendments will allow the city to combine a variety of administrative functions now carried out independently by the Police Department with functions of the same type also carried out by the city. These functions include emergency dispatch, accounting and budgeting, information technology, printing, and facilities management, among others. In addition, it will be possible to eliminate administrative functions now carried out by the Police Department that will no longer be necessary—these include expenses related to the Board of Police Commissioners.

Based on the assumptions expressed in the attached table, city officials estimate that the city will save approximately \$3.46 million from the elimination of duplicative and unnecessary administrative functions that local control will make possible. The city can use administrative savings realized to improve public safety and other direct services for citizens. Note that this estimated savings amount is based on a number of assumptions that may or may not prove to be correct: actual savings may be less or may be more than our estimate as we work with Police Department staff to combine functions and achieve other efficiencies while enhancing public safety-related police services. The ability to estimate potential savings is hampered at present by a lack of detailed cost and function data from the department.

In addition, although city officials said they cannot estimate the amount of savings in the limited time and with limited data available for this response, they believe additional savings are possible: the Police Department has purchased an accounting/payroll system at what city officials understand was a cost of several million dollars that could address a major unmet city technology need—if the city can take advantage of this system, the city will avoid the cost of independently purchasing a similar system, allowing the city to reduce personnel costs through attrition.

The officials also said they note that, with the exception of the elimination of the one (1) commissioned officer who works for the Board of Police Commissioners, the city has not suggested that any savings can be achieved by eliminating uniformed officers. The officials said they believe existing uniformed officers need to be retained for the safety of residents, workers, businesses and visitors. Those uniformed officers now engaged in functions that duplicate city administrative functions can be redeployed in activities that directly contribute to public safety. In that regard, the administrative efficiencies made possible by the proposed amendments can help improve public safety in the city because more police officers can be available to provide direct public safety services. This, in turn, will provide additional positive city fiscal impact, although it is also not possible to calculate the monetary value of this impact: more police officers "on the street" will improve both the perception and reality

of safety in the city and attract more residents, workers, businesses and visitors that enhance the city's revenue base. Using the savings achieved from eliminating duplicative administrative functions to improve public safety and other services for residents and businesses will have a similar positive fiscal impact, as will the fact that the city's police department will be an integral part of the government, like other police departments across the United States.

Estimates of Potential Savings:
City Control of St. Louis Police Department

					FY12	City			
SERVICE		Police Budget	Police Officers	Police Civilians	City Budget	Staff	Total for Function	Estimated Savings	Savings Rationale
Emergency Dispatch		690							
	Salaries	\$ 4,174,709	0	103	\$1,425,907	33			* Includes communications contractual
	Fringes	\$ 1,354,445			\$514,875				Dispatchers can be cross-trained;
	Equipment/supplies	\$ 467,186			\$279,200	*			estimated savings TBD
	Total	\$ 5,996,340			\$2,219,982		\$ 8,216,322	TBD	
Board Of Police Commissioners		100							
	Salaries	\$ 131,081	1	1	\$0				Staff not required if Board eliminated
	Fringes	\$ 43,974			\$0				
	Equipment/supplies	\$ 64,200			\$0				
	Total	\$ 239,255			\$0		\$ 239,255	100%	239,254.90
Human Resources		750							
	Salaries	\$ 614,802	0	12	\$1,794,989	36			Excludes benefits and academy
	Fringes	\$ 187,831			\$625,121				personnel; staff can be cross-trained
	Equipment/supplies	\$ 240,000			\$331,400				
	Total	\$ 1,042,633			\$2,751,510		\$ 3,794,143	20%	758,828.60
Information Technology		250							
	Salaries	\$ 2,136,071.00	0	33	\$2,187,361	40			Many functions duplicated;
	Fringes	\$ 620,678.00			\$913,745				equipment/software not included
	Equipment/supplies	\$ 388,000			\$874,050	*			
	Total	\$ 3,144,749.00			\$3,975,156		\$ 7,119,905	20%	1,423,981.00
Legal Services		180							
	Salaries	\$ 315,934	0	5	\$2,080,825	33			Some legal administrative
	Fringes	\$ 92,239			\$749,613				services can be merged with City
	Equipment/supplies	\$ 57,000			\$214,600	*			
	Total	\$ 465,173			\$3,045,038		\$ 3,510,211	5%	175,510.55
Internal Audit		130							
	Salaries	\$ 79,953	0	1		0			City has internal audit function
	Fringes	\$ 22,368							
	Equipment/supplies	\$ -							
	Total	\$ 102,321			\$0		\$ 102,321	90%	92,088.90
Budget Division		140							
	Salaries	\$ 506,531	0	9.25	\$287,105	5			Police "budget division" includes
	Fringes	\$ 149,766			\$97,652				payroll \$ accounting function.
	Equipment/supplies	\$ 74,000			\$33,850				Can be merged with City.
	Total	\$ 730,297			\$418,607		\$ 1,148,904	10%	114,890.40
Comptroller/Accounting									
	Salaries				\$2,896,830	57			Police "budget division" includes
	Fringes				\$998,526				payroll \$ accounting function.
	Equipment/supplies				\$355,914	*			Can be merged with City.
	Total	0			\$4,251,270		\$ 4,251,270	10%	425,127.00
Microfilm		610							
	Salaries	\$ 31,705	0	1	\$182,329	7			
	Fringes	\$ 11,086			\$79,832				
	Equipment/supplies	\$ -			\$57,000				
	Total	\$ 42,791			\$319,161		\$ 361,952	5%	18,097.60
Supply Division		150							
	Salaries	\$ 175,731	0	3	\$469,927	10			Can be merged with City
	Fringes	\$ 52,109			\$164,065				
	Equipment/supplies	\$ -			\$14,500				
	Total	\$ 227,840			\$648,492		\$ 876,332	20%	175,266.44
Multigraph		160							
	Salaries	\$ 346,896	0	9	\$362,312	10			Can be merged with City
	Fringes	\$ 114,167			\$164,763				
	Equipment/supplies	\$ 73,000			\$290,410				
	Total	\$ 534,063			\$817,485		\$ 1,351,548	20%	270,309.54
City Emergency Management Agency									
	Salaries				\$187,849	4			Functions can be merged with Fire
	Fringes				\$66,137				Department and Police Department
	Equipment/supplies				\$20,100				
	Total	0			\$274,086		\$ 274,086	95%	260,381.70
Facilities Management		630							
	Salaries	\$ 187,178	0	3	\$238,970	4			management only
	Fringes	\$ 54,786			\$78,676				

Estimates of Potential Savings:
City Control of St. Louis Police Department

	Equipment/supplies	\$ 33,000			\$50,440				
	Total	\$ 274,964			\$368,086		\$ 643,050	20%	128,610.00
Equipment Services		640				4			Management only
	Salaries	\$ 330,327.47	0	6	\$327,652				
	Fringes	\$ 99,276.43			\$28,091				
	Equipment/supplies	\$ -			\$75,445				
	Total	\$ 429,603.90			\$431,188		\$ 860,792	15%	129,118.86
Municipal Garage						7			Can be merged with Police Garage
	Salaries				\$195,878				
	Fringes				\$80,648				
	Equipment/supplies				\$17,500				
	Total	0			\$294,026		\$ 294,026	25%	73,506.50
Public Information		260							Public Safety Director's Office
	Salaries	\$ 211,210.00	0	3					Can provide some of these functions
	Fringes	\$ 60,406.00							
	Equipment/supplies	\$ 35,000.00							
	Total	\$ 306,616.00			\$0		\$ 306,616	60%	183,969.60
Total All Estimated Savings		\$ 7,540,305.60			\$ 17,594,105.47		\$ 25,134,411.08		\$ 4,468,941.58
Reduced By: Additional cost to City due to 100 % City Responsibility for Legal Judgments								\$1,000,000	
Total All Estimated Savings:								\$ 3,468,941.58	

Officials from the **Rockwood R-VI School District** indicated the district has no comment on this amendment.

Officials from the **Kansas City Board of Police Commissioners** indicated that this measure will have no cost or savings to their board.

Officials from the **St. Louis Board of Police Commissioners** indicated the measure's estimated net cost or savings is unknown. It will be affected by political and budgetary decisions relating to consolidations of services and work rules which will have to be debated and approved by political bodies within the City of St. Louis. In the event the measure is enacted, no changes will occur unless and until further actions are taken at the local level, which bring clarity to the size, structure and purpose of the St. Louis Metropolitan Police Department, and therefore, the net additional cost or savings of the measure cannot be readily determined.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, the **Missouri House of Representatives**, **Jackson County Legislators**, **St. Louis County**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

State governmental entities estimated savings will eventually be up to \$500,000 annually. Local governmental entities estimated annual potential savings of \$3.5 million; however, consolidation decisions with an unknown outcome may result in the savings being more or less than estimated.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-77)**

Subject

Initiative petition from Robert Hess regarding a proposed amendment to Chapters 149 and 196 of the Revised Statutes of Missouri. (Received November 18, 2011)

Date

December 7, 2011

Description

This proposal would amend Chapters 149 and 196 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Cass County**, **Cole County**, **Greene County**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Kansas City**, the **City of Mexico**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Robert L. Hess, II provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact from the proposed language.

Officials from the **Department of Elementary and Secondary Education** indicated:

This proposal will present no costs to the state (none that will not be covered by the increased revenue); but has the potential to add significant funding to Missouri public schools.

According to The Campaign for Tobacco-Free Kids in Washington estimates, this proposal which also would raise taxes on other tobacco products besides cigarettes, would generate about \$283 million annually for the state. The proposal would allot half of that money to elementary and secondary education, 30 percent to colleges and universities and 20 percent to programs intended to prevent people from using tobacco or help them quit doing so.

A 50% allocation to K-12 education would mean an additional \$141.5 million of funding (based on the estimate of The Campaign for Tobacco-Free Kids in Washington). Since it is currently projected that funding for the Foundation Program is approximately \$292 million deficient, these funds could be put to good use.

Officials from the **Department of Higher Education (DHE)** indicated:

This initiative petition is estimated to cost their department approximately \$71,760 in the first full fiscal year in which its provisions are in effect.

Section 149.018.8 contains a provision which reads as follows: "The department of higher education shall ensure that at least twenty-five percent of the moneys distributed from the Public Higher Education Account are used for programs and initiatives related to the education, training, and development of future caregivers including physicians, dentists, optometrists, pharmacists, nurses, and other health care providers." DHE officials said this provision would require them to perform an audit function to track the use of funds distributed to institutions from the Public Higher Education Account created by the petition. They said they do not currently perform any such function in relation to funds appropriated to institutions and would be required to hire one full-time employee (FTE) with related experience to fulfill MDHE's duties required by the provision.

With an annual salary of \$50,000 and a fringe-benefit package estimated at 52.34% or \$21,760, the MDHE estimates the total cost of the FTE to be \$71,760 in the first full fiscal year in which the provisions of the initiative petition are in effect. The negative fiscal impact of the initiative petition on the MDHE would subsequently increase in years in which staff salary raises were implemented by the state or the costs of fringe-benefit packages increased in a proportion equal to those cost increases.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated the petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated there will be no impact for their department for this initiative petition.

Officials from the **Department of Revenue** indicated increased costs would be \$78,399 in fiscal year 2013, \$40,153 in fiscal year 2014, and \$40,570 in fiscal year 2015.

Based upon FY11 sales of 547 million stamps the tax increase of 3.65 cents per cigarette (73 cents per pack of 20) would raise approximately \$399 million per calendar year. Currently, the tax collected on roll your own tobacco is not reported separately from other tobacco products. The department is not able to estimate what the impact the tax increase would have on these products. Additionally, some portion of the \$158.7 million reported as the manufacturers invoice price for all other tobacco products sales during FY11 would include roll your own tobacco. However, if you based the tax increase on other tobacco products on the full amount reported in FY11, it would increase total collections by \$23.8 million dollars per year.

Under current law, wholesales receive discounts equal to three percent of the face value of each cigarette stamp. Based upon the FY11 sales of 547 million stamps, wholesalers received discounts of approximately \$2,789,700. Under the proposed legislation they would have received only \$2,735,000 in discounts if the tax rate did not increase. However, if the tax rate increases by \$.73, wholesalers would have received \$14,769,000. Under the proposed legislation, they would receive approximately \$12 million less in allowance.

The department will have programming expenses of \$40,068 to update and create tobacco processing systems.

The department will need one Revenue Processing Technician to perform additional duties required by Section 196.1029.

Comments

This initiative would go before voters on November 6, 2012. If passed, it would go into effect January 1, 2013. This would give Taxation approximately 45 days to implement. The Department of Revenue suggests the effective date be changed to either July 1, 2013

or January 1, 2014. This would allow time to develop new forms, communicate this to licensees, and to complete any programming needed.

149.011(2) - By increasing the weight from 3 lbs to 4 lbs per thousand and including language that it can be wrapped in anything, this definition of cigarette would appear to include "little cigars." This would require stamping of packs of little cigars. It is unclear if little cigars would also fall under the MSA requirements and the Fire Safety requirements. In addition the definition of a cigarette under section 320.350, fire safety statutes, would be in conflict with the definition of cigarette under this legislation.

149.011(14) - The department requests clarification of what products are defined as "other product containing tobacco intended or expected to be consumed without being combusted."

149.018.4 (1) - Section 149.018.4 - The department recommends removing the one half of one percent limit on the cost of collection and indicating the cost of collection shall be equal to the actual costs incurred by the department. At a minimum, the cap should be increased to three percent of the moneys collected.

149.018.4(3) - Section 149.018.4 - The department requests clarification of how it is to determine if the increase in tax caused a decrease in the consumption of cigarettes. Over the past several years there has been a decline in the number of stamps sold which could be attributed to factors such as discontinued use of cigarettes due to health related issues or to the recent increase of the federal cigarette tax. There has been a slight increase in the amount of tax collected on other tobacco products, which may be attributed to public use of other tobacco products such as pipe tobacco, used as roll your own tobacco or purchasing little cigars which are similar in appearance to cigarettes but taxed at a lower federal tax rate. Each year the contributing factors to any decrease in the amounts deposited to the accounts could change and they may not be easily identified. It might be beneficial to add language that would require DOR to consult with the Department of Health in making the determination on what to attribute any decreases to.

149.018.5 - The department requests clarification of who is to make the distributions to the Tobacco Use Prevention and Quit Assistance Account, to the Public Education Account and the Public Higher Education Account.

149.018.10 - Imposes the taxes on existing inventory of any person licensed under Chapter 149. Retailers are not required to be licensed under Chapter 149. It is unclear if licensees who also operate retail establishments will be required to remit the tax increase on the product held by their retail operation. This legislation would appear to single out those retailers who happen to have a license and would not be inclusive of all other retailers. By only targeting those licensed under Chapter 149 for payment of the tax increase of in stock inventory, it opens up the possibility for stockpiling by other large retailers and allowing them to reap a windfall after the tax increase takes effect. In addition stockpiling of cigarettes could result in stamp shortages by DOR.

196.1023.4 –This appears to requires non-participating manufacturers to post a bond if its cigarettes were not sold in the state during any one of the four preceding calendar quarters, if it or any person affiliated with it failed to make a full and timely escrow deposit or if it or any person affiliated with it was removed from any states directory during any of the five preceding calendar years. This will require continual research to determine if any non-participating manufacturers meet the conditions for a bond. Quarterly escrow deposits must be made within 30 days after the end of each quarter under section 196.1003.1(4). This legislation appears to require a non-participating manufacturer to post a bond 10 days before the start to the next quarter in order to be listed in the directory for the next quarter. These two requirements appear to be in conflict with each other. In addition the department does not receive information from wholesalers regarding units sold until the 20th of each month. The department will not be able to determine if a bond is required 10 days before a new quarter begins because not all of the information regarding sales will be received more than 10 days before the start of the quarter.

The department recommends adding language to allow the department to promulgate rules in order to carry out the provisions of sections 149.011 to 149.215 or at least to cover the new section 149.018.

Officials from the **Department of Public Safety** indicated they assume that, if this initiative is adopted by the voters, any costs associated can be absorbed with existing resources.

Officials from the **Department of Social Services** indicated:

This initiative petition seeks to impose an additional tax on tobacco products. The additional tax is:

- 3.65 cents per cigarette;
- 25% of the manufacturer's invoice price on roll-your-own tobacco; and
- 15% of the manufacturer's invoice price on all other forms of tobacco.

The increase is effective January 1, 2013.

All moneys collected as a result of these additional taxes shall be placed in the Health and Education Trust Fund and must be kept separate from the general revenue fund.

The money in the Health and Education Trust Fund is separated into three sub-accounts:

- the Tobacco Use Prevention and Quit Assistance Account (20%);
- the Public Education Account (50%, of which 25% must be used in direct classroom expenditures); and

- the Public Higher Education Account.

The petition also creates the Missouri Healthy Families Commission to conduct, coordinate, and oversee the tobacco use quit assistance and prevention activities, programs, and initiatives. The Commission consists of nine members appointed by the Governor with the advice and consent of the Senate. Board members may be employed by, contract with, receive payments from, or serve as directors, officers, or other representatives of organizations that receive funding directly or indirectly from the Tobacco Use Prevention and Quit Assistance Account, but are subject to certain disclosure standards and must recuse themselves from deliberations or voting on proposed actions when a material conflict of interest exists. The Departments of Health and Senior Services, Social Services, Public Safety, Elementary and Secondary Education, and Mental Health may designate a non-voting, ex officio representative to the Board of Directors of the Commission.

The increase in the tobacco tax will not create any additional revenue for the Department of Social Services (DSS) because the increased tax must be placed in the Health and Education Trust Fund and must be kept separate from the general revenue fund. The Department of Social Services currently receives money from the Health Initiatives Fund, which is funded by the tobacco tax under Subsection 149.015.8. If smoking consumption decreases due the smoking cessation programs authorized in this petition, or as a result of the increase in the tobacco tax itself, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there should be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated:

This proposal imposes an additional tax of 3.65¢ per cigarette (73¢ per pack of 20); levies an additional 15% tax on other tobacco products (OTP); levies an additional tax of 25% on newly-defined "roll-your-own" products; changes the compensation rate for wholesalers; and requires non-participating manufacturers to post a bond. The changes are effective January 1, 2013.

New monies are deposited into the Health and Education Trust Fund and allocated as follows:

- 1) Tobacco Use Prevention and Quit Assistance Account (20%);
- 2) Public Education Account (50%);
- 3) Public Higher Education Account (30%).

The Missouri Healthy Families Commission is created to administer the Tobacco Use Prevention and Quit Assistance Account. The Commission is assigned to the Department of Health and Senior Services for budget and reporting purposes. The nine member commission is appointed by the Governor with advice and consent of the Senate.

The Public Education Account is appropriated to DESE for distribution to school districts with at least 25% of the money to be used in direct classroom expenditures.

The Public Higher Education Account is distributed to public colleges and universities in proportion to the total base operating appropriations for all public colleges and universities in the preceding fiscal year.

The proposed amendment to the Revised Statutes of Missouri should not result in additional costs or savings to the Office of Administration should it be approved by the voters. However, there is a statewide impact on revenues to the state.

The Division of Budget and Planning (BAP) calculates the impact of the cigarette tax increase by estimating the quantity of packs currently sold, applying the midpoint formula for elasticity to estimate the new quantity of packs, then calculating increased revenues.

BAP notes the following:

1. BAP estimates the current retail price of one cigarette pack is \$4.50 = \$4.33 price + \$0.17 excise tax. Prices vary substantially depending on brand and packaging. This analysis does not include additional impacts of any retail sales taxes.
2. The website "Tobacco Free Kids" estimates the average cigarette tax as \$1.46 per pack, as of June 28, 2011.¹ A tax of \$0.90 (the proposed \$0.73 plus the existing tax of \$0.17) would be below this average, but would exceed the tax rate of four neighboring states.
3. State cigarette taxes in FY11 totaled \$89,965,910, according to the SAM II Data Warehouse.²
4. "Elasticity" is the ratio of the change in quantity sold to the change in price. The CDC estimates the cigarette price elasticity as -0.4,³ which suggests a 4% drop in sales for each 10% increase in cost. However, research by Goolsbee (2004)⁴ demonstrates the elasticity for state cigarette taxes likely exceeds -1.2, and could exceed -2.0, depending on internet access.

¹ <http://www.tobaccofreekids.org/research/factsheets/pdf/0222.pdf>, accessed November 22, 2011.

² Data warehouse accessed September 21, 2011

³ http://www.cdc.gov/tobacco/data_statistics/fact_sheets/economics/econ_facts/index.htm, accessed September 21, 2011.

⁴ <http://faculty.chicagobooth.edu/workshops/AppliedEcon/archive/pdf/goolsbee.pdf>, accessed September 21, 2011

5. Given the above information, BAP estimates the elasticity at -0.8 for this analysis.
6. This analysis uses the midpoint-method to estimate the new quantity (Q2) of cigarette packs taxed as a result of the tax increase: $E = \{(Q2-Q1) / \text{AVG}(Q2,Q1)\} / \{(P2-P1) / \text{AVG}(P2,P1)\}$

Based on this information, BAP estimates increased cigarette tax revenues of \$332.4M annually (see Table 1).

Similarly for the increased OTP tax:

1. BAP estimates the current retail price of one "unit" of tobacco is \$4.50 = \$4.09 + \$0.41 excise tax. Prices vary substantially depending on brand and packaging. This analysis does not include additional impacts of any retail sales taxes.
2. BAP estimates the elasticity as -0.8, as above, and uses the midpoint formula, as above.

Based on this information, BAP estimates increased OTP taxes of \$19.5M annually (see Table 2).

BAP notes that currently, "roll-your-own" products are taxed as an OTP product. However, BAP does not have data on what proportion of OTP sales would qualify as "roll-your-own", and thus for the higher proposed tax rate. Therefore, there will also be an additional unknown increase in revenues resulting from this source.

The proposal directs the DOR to estimate the decreased consumption of cigarettes and OTP as a result of this proposal, and then to hold existing dedicated funds harmless. This analysis estimates a decrease of 60M cigarette packs. At 17¢ per-pack, this implies the DOR would need to transfer an estimated \$10.2M of the new cigarette revenues into existing funds. However, this transfer cannot exceed 3% of the new revenues, which is estimated at 10.0M. Similarly, this analysis estimates a decrease of 3.7M "units" of OTP sales. At an estimated tax rate of 41¢, this suggests a transfer of \$1.5M of the new OTP revenues into existing funds. However, this transfer cannot exceed 3% of the new revenues, which is estimated at 0.6M.

BAP defers to DOR for impacts of the changes to the compensation rate and bond postings; and to the Attorney General's Office on the impacts in changes related to the Master Settlement Agreement.

Table 1.

Cigarettes	Current (FY11)	New
Tax (per pack)	\$0.17	\$0.90
Estimated Cost Per Pack	\$4.50	\$5.23

Estimated Packs with Tax Increase, using Midpoint Formula

FY11 Revenues	\$89,965,910
Q1	529,211,235
P1	\$4.50
P2	\$5.23
Estimated Elasticity (see notes)	-0.8
Q2	469,281,167
Total Revenues	\$422,353,050
Increased Revenues	\$332,387,140

Table 2.

OTP	Current (FY11)	New
Tax (per unit)	10%	25%
Estimated Retail Cost Per Unit	\$4.50	\$5.11
Estimated Wholesale Cost Per Unit	\$4.09	

Estimated Units with Tax Increase, using Midpoint Formula

FY11 Revenues	\$15,551,490
Estimated Current Wholesales	\$155,514,900
Q1	38,023,203
P1	\$4.50
P2	\$5.11
Estimated Elasticity (see notes)	-0.8
Q2	34,328,641
Estimated New Wholesales	\$140,404,142
Total Revenues	\$35,101,036
Increased Revenues	\$19,549,546

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no impact to their office.

Officials from the **City of Kansas City** indicated because this proposal does not provide funding to the city or impose new costs, there is no fiscal impact to the city.

Officials from the **City of St. Joseph** indicated:

No known costs would result from the measure.

As for revenues – as a state border city, the increase in the cost of cigarettes from the additional tax COULD lower the revenues the city receives from the current cigarette tax if that higher cost sends customers over the state line to purchase tobacco products in Kansas.

On the other hand – the St. Joseph Health Department often receives grants/contracts through the state to administer health-related programs and might, therefore, receive such contracts from the Tobacco Use Prevention & Quit Assistance piece of the legislation.

Unable to provide actual dollar amounts for either scenario above.

Officials from **Rockwood R-VI School District** indicated that as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have a positive, although unknown, fiscal impact on their college.

The **State Auditor's office** estimated annual audit costs required in the proposal would be up to an estimated \$40,000.

Robert L. Hess, II provided information as a proponent of this initiative petition.

As set forth in the enclosed analysis, tobacco use causes approximately \$2.13 billion in annual health care expenditures in Missouri. Smoking specifically causes approximately \$532 million in annual costs for the Missouri Medicaid program. The initiative petition would increase the tax on cigarettes by \$0.73 per pack, would increase the tax on roll-your-own tobacco by 25%, and would increase the tax on other tobacco products by 15%. Those tax increases would raise over \$283 million in new state revenue to help adults stop smoking, to keep kids from starting smoking, and to support public education and higher education.

In addition to raising new revenue, the tax increase would have an immediate public health benefit. Each 10% cigarette price increase reduces youth smoking by 6.5%. Each 10% cigarette price increase reduces adult smoking by 2%. The total expected reduction in smoking consumption as a result of a 10% price increase is 4%. It is conservatively estimated that the initiative petition would decrease youth smoking by 12% in Missouri and keep 45,700 kids in Missouri from becoming addicted adult smokers and help 28,200 current adult smokers quit. Twenty two thousand (22,000) Missouri residents would be saved from premature smoking-caused deaths.

There would also be a fiscal benefit to the citizens of the state from the improved public health. In the first five years, there would be more than \$30 million in savings from fewer smoking-related pregnancies, births, heart attacks and strokes. The long term savings would be approximately a billion dollars.

NEW REVENUES, PUBLIC HEALTH BENEFITS & COST SAVINGS FROM A 80-CENT CIGARETTE TAX INCREASE IN MISSOURI

Current state cigarette tax: 17 cents per pack (51st among all states)
Smoking-caused costs in Missouri: \$7.61 per pack

Annual healthcare expenditures in Missouri directly caused by tobacco use: \$2.13 billion
Smoking-caused state Medicaid program spending each year: \$532.0 million

New Annual Revenue from Increasing the Cigarette Tax Rate by 73 Cents Per Pack: \$265.7 million

Additional Revenue from Raising OTP Rates to 25% Manufacturer's Price: \$17.3 million

New Annual Revenue is the amount of additional new revenue over the first full year after the effective date. The state will collect less new revenue if it fails to apply the rate increase to all cigarettes and other tobacco products held in wholesaler and retailer inventories on the effective date.

<u>Projected Public Health Benefits from the Cigarette Tax Rate Increase</u>	
<i>Percent decrease in youth smoking:</i>	12.0%
<i>Kids in Missouri kept from becoming addicted adult smokers:</i>	45,700
<i>Current adult smokers in the state who would quit:</i>	28,200
<i>Smoking-affected births avoided over next five years:</i>	7,950
<i>Missouri residents saved from premature smoking-caused death:</i>	22,000
<i>5-year health savings from fewer smoking-affected pregnancies & births:</i>	\$13.5 million
<i>5-year health savings from fewer smoking-caused heart attacks & strokes:</i>	\$17.4 million
<i>Long-term health savings in the state from adult & youth smoking declines:</i>	\$1.0 billion

- Tax increases of less than roughly 25 cents per pack or 10% of the average state pack price do not produce significant public health benefits or cost savings because the cigarette companies can easily offset the beneficial impact of such small increases with temporary price cuts, coupons, and other promotional discounting. Splitting a tax rate increase into separate, smaller increases in successive years will similarly diminish or eliminate the public health benefits and related cost savings (as well as reduce the amount of new revenues).
- Raising state tax rates on other tobacco products (OTPs) to parallel the increased cigarette tax rate will bring the state more revenues, public health benefits, and cost savings (and promote tax equity). With unequal rates, the state loses revenue each time a cigarette smoker switches to cigars, RYO, or smokeless. To parallel the new \$0.90 per pack cigarette tax, the state's new OTP tax rate should be at least 30% of wholesale price with minimum tax rates for each major OTP category linked to the state cigarette tax rate on a per-package or per-dose basis.

Needed State Efforts to Protect State Tobacco Tax Revenues

Having each of the following measures in place will maintain and increase state tobacco tax revenues by closing loopholes, blocking contraband trafficking, and preventing tax evasion.

State tax rate on RYO cigarettes equals the state tax rate on regular cigarettes	Yes
State tax rates on other tobacco products match the state cigarette tax rate	Yes
State definitions of "cigarette" block cigarettes from wrongfully qualifying as "cigars"	No
State definitions of "tobacco product" reach all tobacco products	No
Loopholes for the new generation of smokeless products (snus, tablets, etc.) closed	No
Minimum taxes on all tobacco products to block tax evasion and promote tax equity	No
"High-tech" tax stamps to stop counterfeiting and other smuggling and tax evasion	No
Retailers lose license if convicted of contraband trafficking	Yes
Street sales and mobile sales of cigarettes and other tobacco products prohibited	Yes
Non-Tobacco nicotine products without FDA approval banned	No

More information available at

http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/

Campaign for Tobacco-Free Kids 10.07.10 / Ann Boonn, October 26, 2011

Explanations & Notes

Projections are based on research findings that each 10% cigarette price increase reduces youth smoking by 6.5%, adult rates by 2%, and total consumption by 4% (adjusted down to account for tax evasion effects). Revenues still increase because the higher tax rate per pack will bring in more new revenue than is lost from the tax-related drop in total pack sales.

The projections incorporate the effect of both ongoing background smoking declines and the continued impact of the 61.66-cent federal cigarette tax increase (effective April 1, 2009) on prices, smoking levels and pack sales.

These projections are fiscally conservative because they include a generous adjustment for lost state pack sales (and lower net new revenues) from possible new smuggling and tax evasion after the rate increase and from fewer sales to smokers or smugglers from other states. For ways that the state can protect and increase its tobacco tax revenues and prevent and reduce contraband trafficking and other tobacco tax evasion, see the Campaign for Tobacco-Free Kids factsheet, *State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion*, <http://tobaccofreekids.org/research/factsheets/pdf/0274.pdf>.

Kids stopped from smoking and dying are from all kids alive today. Long-term savings accrue over the lifetimes of persons who stop smoking or never start because of the rate increase. All cost and savings in 2004 dollars. Projections will be updated when new relevant data or research becomes available.

Ongoing reductions in state smoking levels will, over time, gradually erode state cigarette tax revenues (in the absence of any new rate increases). But those declines are more predictable and less volatile than many other state revenue sources, such as state income tax or corporate tax revenues (which can drop sharply during recessions). In addition, the smoking declines that reduce tobacco tax revenues will simultaneously

produce much larger reductions in government and private sector smoking-caused costs. See the Campaign for Tobacco-Free Kids factsheet, *Tobacco Tax Increases are a Reliable Source of Substantial New State Revenue*, <http://tobaccofreekids.org/research/factsheets/pdf/0303.pdf>.

For other ways states can increase revenues (and promote public health) other than just raising its cigarette tax, see the Campaign factsheet, *The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs*, <http://tobaccofreekids.org/research/factsheets/pdf/0357.pdf>.

For more on sources and calculations, see
<http://www.tobaccofreekids.org/research/factsheets/pdf/0281.pdf>

Additional Information on Tobacco Product Tax Increases

Raising State Cigarette Taxes Always Increases State Revenues and Always Reduces Smoking, <http://tobaccofreekids.org/research/factsheets/pdf/0098.pdf>.

Responses to Misleading and Inaccurate Cigarette Company Arguments Against State Tobacco Tax Increases, <http://tobaccofreekids.org/research/factsheets/pdf/0227.pdf>.

State Cigarette Excise Tax Rates & Rankings,
<http://tobaccofreekids.org/research/factsheets/pdf/0097.pdf>.

Top Combined State-Local Cigarette Tax Rates (State plus County plus City),
<http://tobaccofreekids.org/research/factsheets/pdf/0267.pdf>.

State Cigarette Tax Increases Benefit Lower-Income Smokers and Families,
<http://tobaccofreekids.org/research/factsheets/pdf/0147.pdf>.

The Best Way to Tax Smokeless Tobacco,
<http://tobaccofreekids.org/research/factsheets/pdf/0282.pdf>.

The Problem with Roll-Your-Own (RYO) Tobacco,
<http://tobaccofreekids.org/research/factsheets/pdf/0336.pdf>.

How to Make State Cigar Tax Rates Fair and Effective,
<http://tobaccofreekids.org/research/factsheets/pdf/0335.pdf>.

State Benefits from Increasing Smokeless Tobacco Tax Rates,
<http://tobaccofreekids.org/research/factsheets/pdf/0180.pdf>.

The Case for High-Tech Cigarette Tax Stamps,
<http://tobaccofreekids.org/research/factsheets/pdf/0310.pdf>.

State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion, <http://tobaccofreekids.org/research/factsheets/pdf/0274.pdf>.

The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs, <http://tobaccofreekids.org/research/factsheets/pdf/0357.pdf>

For questions or model legislation, please contact factsheets@tobaccofreekids.org.

For all TFK factsheets on tobacco tax increases, see
http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/.

The State Auditor's office did not receive a response from the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, **Cass County**, **Cole County**, **Greene County**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Mexico**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Estimated additional revenue to state government from this proposal is \$283 million to \$423 million annually with limited estimated implementation costs or savings. The revenue will fund only programs and services allowed by the proposal. The fiscal impact to local governmental entities is unknown.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-78)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received November 22, 2011)

Date

December 9, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that no impact is anticipated for their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if approved by the voters, would result in no fiscal impact.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an overall increase in tobacco taxes, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the

ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this has no impact on their office.

Officials from **Jasper County** indicated there would be no appreciable cost to the county other than the cost of including the issue on the ballot in an election which would probably amount to less than \$50,000. If a tobacco tax was approved by voters in this county, additional revenue would be generated but the officials said they have no idea how much.

Officials from **St. Charles County** estimated potential costs of \$260,000.

Initial costs:

Election Costs:	\$ 150,000
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Office Equipment/Computer Programming	\$ 25,000
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Ongoing Costs:

Staff workers for tax collection/enforcement	\$ 80,000
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Postage & Supplies	\$ 5,000
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TOTAL COST	\$ 260,000
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The officials also provided the following additional comments:

The costs reported of \$260,000 on this petition would only be incurred if St. Charles County were to proceed with the provisions of the initiative. No costs will be incurred by St. Charles County by the mere passage of the legislation.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal were to pass.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. Each version of the petition allows our current tax to remain in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because these proposals only enact enabling legislation for the adoption by the voters of the city of a tobacco tax, there is no fiscal impact to the city.

Officials from the **City of Kirkwood** indicated this amendment has no impact on their city. The officials said they do not wish to be in the cigarette taxing business.

Officials from the **City of Raymore** indicated they do not impose a tobacco tax, no fiscal impact.

Officials from the **City of St. Joseph** indicated this petition shouldn't result in any additional cost to their city. It could generate additional revenues for the specific purpose for which the tax was levied. This initiative isn't extremely clear on whether this would affect existing "state" cigarette taxes. It's implied, but not specifically stated.

Officials from the **City of St. Louis City** indicated there is potential positive impact on revenues. The proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue for the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of West Plains** indicated at this time, they see no fiscal impact since this petition would only be enabling them to allow a vote on whether to impose an additional tax on tobacco products. It is also not possible to know at this time if this issue would even be put on the ballot, much less whether such a proposed tax would be passed by the voters of this community.

Officials from **Rockwood School District** indicated as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 1

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding

"zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb

counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB795T.htm

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2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

Mark Reading provided additional information as a proponent of this initiative petition.

In reviewing some of the responses to your requests for input regarding Initiative Petitions 2012-090 through 2012-097 (your Fiscal Notes 11-78 through 11-85) (referred to collectively as the "Proposals"), I noted that at least two local governments (St. Charles and Jasper Counties) included the costs of future local elections in their responses. As your review of the Proposals will show, the Proposals do not require any local elections. The Proposals merely give local voters the right to set and control local tobacco taxes, nothing more. Any future election which might occur pursuant to the authority granted by the Proposals will be the result of optional action taken by local governmental bodies or local voters through the initiative process. My original submission, dated November 23, 2011, addresses this point and demonstrates how the fiscal impact of such "local option" measures has been assessed in the past.

I know it is your practice to review responses for reasonableness, and this practice has been upheld as a key component of fulfilling your duties under Section 116.175 and other applicable statutory provisions. *See Missouri Mun. League v. Carnahan*, 303 S.W.3d 573, 582 (Mo. Ct. App. 2010). Accordingly, you have both the authority and the duty to disregard responses which misconstrue the Proposals. Conversely, to include such inaccurate responses in the Fiscal Note or allow those responses to influence the Fiscal Note Summary would render both the Note and the Summary unfair and insufficient.

In closing, I appreciate your consideration and careful review of this issue. In order to fairly inform the voters, it is important that you distinguish — as you have done in the past — between measures (such as the Proposals) which authorize optional local elections which may (or may not) occur in the future if and when local governments or voters freely determine to exercise this new authority, and measures which mandate a local election which is certain to occur in particular locales in a given timeframe.

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Springfield, the City of Union, the City of Wentzville, Cape Girardeau 63 School District, Hannibal 60 School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-79)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received November 22, 2011)

Date

December 9, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that no impact is anticipated for their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if approved by the voters, would result in no fiscal impact.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an overall increase in tobacco taxes, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the

ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this has no impact on their office.

Officials from **Jasper County** indicated there would be no appreciable cost to the county other than the cost of including the issue on the ballot in an election which would probably amount to less than \$50,000. If a tobacco tax was approved by voters in this county, additional revenue would be generated but the officials said they have no idea how much.

Officials from **St. Charles County** estimated potential costs of \$260,000.

Initial costs:

Election Costs:	\$ 150,000
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Office Equipment/Computer Programming	\$ 25,000
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Ongoing Costs:

Staff workers for tax collection/enforcement	\$ 80,000
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Postage & Supplies	\$ 5,000
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TOTAL COST	\$ 260,000
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The officials also provided the following additional comments:

The costs reported of \$260,000 on this petition would only be incurred if St. Charles County were to proceed with the provisions of the initiative. No costs will be incurred by St. Charles County by the mere passage of the legislation.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal were to pass.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. Each version of the petition allows our current tax to remain in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because these proposals only enact enabling legislation for the adoption by the voters of the city of a tobacco tax, there is no fiscal impact to the city.

Officials from the **City of Kirkwood** indicated this amendment has no impact on their city. The officials said they do not wish to be in the cigarette taxing business.

Officials from the **City of Raymore** indicated they do not impose a tobacco tax, no fiscal impact.

Officials from the **City of St. Joseph** indicated this petition shouldn't result in any additional cost to their city. It could generate additional revenues for the specific purpose for which the tax was levied. This initiative isn't extremely clear on whether this would affect existing "state" cigarette taxes. It's implied, but not specifically stated.

Officials from the **City of St. Louis City** indicated there is potential positive impact on revenues. The proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue for the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of West Plains** indicated at this time, they see no fiscal impact since this petition would only be enabling them to allow a vote on whether to impose an additional tax on tobacco products. It is also not possible to know at this time if this issue would even be put on the ballot, much less whether such a proposed tax would be passed by the voters of this community.

Officials from **Rockwood School District** indicated as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 2

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding

"zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb

counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

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2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/sum/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

Mark Reading provided additional information as a proponent of this initiative petition.

In reviewing some of the responses to your requests for input regarding Initiative Petitions 2012-090 through 2012-097 (your Fiscal Notes 11-78 through 11-85) (referred to collectively as the "Proposals"), I noted that at least two local governments (St. Charles and Jasper Counties) included the costs of future local elections in their responses. As your review of the Proposals will show, the Proposals do not require any local elections. The Proposals merely give local voters the right to set and control local tobacco taxes, nothing more. Any future election which might occur pursuant to the authority granted by the Proposals will be the result of optional action taken by local governmental bodies or local voters through the initiative process. My original submission, dated November 23, 2011, addresses this point and demonstrates how the fiscal impact of such "local option" measures has been assessed in the past.

I know it is your practice to review responses for reasonableness, and this practice has been upheld as a key component of fulfilling your duties under Section 116.175 and other applicable statutory provisions. *See Missouri Mun. League v. Carnahan*, 303 S.W.3d 573, 582 (Mo. Ct. App. 2010). Accordingly, you have both the authority and the duty to disregard responses which misconstrue the Proposals. Conversely, to include such inaccurate responses in the Fiscal Note or allow those responses to influence the Fiscal Note Summary would render both the Note and the Summary unfair and insufficient.

In closing, I appreciate your consideration and careful review of this issue. In order to fairly inform the voters, it is important that you distinguish — as you have done in the past — between measures (such as the Proposals) which authorize optional local elections which may (or may not) occur in the future if and when local governments or voters freely determine to exercise this new authority, and measures which mandate a local election which is certain to occur in particular locales in a given timeframe.

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Springfield, the City of Union, the City of Wentzville, Cape Girardeau 63 School District, Hannibal 60 School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-80)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received November 22, 2011)

Date

December 9, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that no impact is anticipated for their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if approved by the voters, would result in no fiscal impact.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an overall increase in tobacco taxes, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the

ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this has no impact on their office.

Officials from **Jasper County** indicated there would be no appreciable cost to the county other than the election cost of putting the proposal on the ballot which is estimated at less than \$50,000.

Officials from **St. Charles County** estimated potential costs of \$260,000.

Initial costs:

Election Costs:	\$ 150,000
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Office Equipment/Computer Programming	\$ 25,000
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Ongoing Costs:

Staff workers for tax collection/enforcement	\$ 80,000
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Postage & Supplies	\$ 5,000
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TOTAL COST	\$ 260,000
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The officials also provided the following additional comments:

The costs reported of \$260,000 on this petition would only be incurred if St. Charles County were to proceed with the provisions of the initiative. No costs will be incurred by St. Charles County by the mere passage of the legislation.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal were to pass.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. Each version of the petition allows our current tax to remain in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because these proposals only enact enabling legislation for the adoption by the voters of the city of a tobacco tax, there is no fiscal impact to the city.

Officials from the **City of Kirkwood** indicated this amendment has no impact on their city. The officials said they do not wish to be in the cigarette taxing business.

Officials from the **City of Raymore** indicated they do not impose a tobacco tax, no fiscal impact.

Officials from the **City of St. Joseph** indicated this version applies to counties. The city has no comment.

Officials from the **City of St. Louis City** indicated there is potential positive impact on revenues. The proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue for the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of West Plains** indicated at this time, they see no fiscal impact since this petition would only be enabling them to allow a vote on whether to impose an additional tax on tobacco products. It is also not possible to know at this time if this issue would even be put on the ballot, much less whether such a proposed tax would be passed by the voters of this community.

Officials from **Rockwood School District** indicated as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 3

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb

counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

Mark Reading provided additional information as a proponent of this initiative petition.

In reviewing some of the responses to your requests for input regarding Initiative Petitions 2012-090 through 2012-097 (your Fiscal Notes 11-78 through 11-85) (referred to collectively as the "Proposals"), I noted that at least two local governments (St. Charles and Jasper Counties) included the costs of future local elections in their responses. As your review of the Proposals will show, the Proposals do not require any local elections. The Proposals merely give local voters the right to set and control local tobacco taxes, nothing more. Any future election which might occur pursuant to the authority granted by the Proposals will be the result of optional action taken by local governmental bodies or local voters through the initiative process. My original submission, dated November 23, 2011, addresses this point and demonstrates how the fiscal impact of such "local option" measures has been assessed in the past.

I know it is your practice to review responses for reasonableness, and this practice has been upheld as a key component of fulfilling your duties under Section 116.175 and other applicable statutory provisions. *See Missouri Mun. League v. Carnahan*, 303 S.W.3d 573, 582 (Mo. Ct. App. 2010). Accordingly, you have both the authority and the duty to disregard responses which misconstrue the Proposals. Conversely, to include such inaccurate responses in the Fiscal Note or allow those responses to influence the Fiscal Note Summary would render both the Note and the Summary unfair and insufficient.

In closing, I appreciate your consideration and careful review of this issue. In order to fairly inform the voters, it is important that you distinguish — as you have done in the past — between measures (such as the Proposals) which authorize optional local elections which may (or may not) occur in the future if and when local governments or voters freely determine to exercise this new authority, and measures which mandate a local election which is certain to occur in particular locales in a given timeframe.

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Springfield, the City of Union, the City of Wentzville, Cape Girardeau 63 School District, Hannibal 60 School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-81)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received November 22, 2011)

Date

December 9, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that no impact is anticipated for their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if approved by the voters, would result in no fiscal impact.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an overall increase in tobacco taxes, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the

ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this has no impact on their office.

Officials from **Jasper County** indicated there would be no appreciable cost to the county other than the cost of including the issue on the ballot in an election which would probably amount to less than \$50,000. If a tobacco tax was approved by voters in this county, additional revenue would be generated but the officials said they have no idea how much.

Officials from **St. Charles County** estimated potential costs of \$260,000.

Initial costs:

Election Costs:	\$ 150,000
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Office Equipment/Computer Programming	\$ 25,000
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Ongoing Costs:

Staff workers for tax collection/enforcement	\$ 80,000
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Postage & Supplies	\$ 5,000
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TOTAL COST	\$ 260,000
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The officials also provided the following additional comments:

The costs reported of \$260,000 on this petition would only be incurred if St. Charles County were to proceed with the provisions of the initiative. No costs will be incurred by St. Charles County by the mere passage of the legislation.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal were to pass.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. Each version of the petition allows our current tax to remain in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because these proposals only enact enabling legislation for the adoption by the voters of the city of a tobacco tax, there is no fiscal impact to the city.

Officials from the **City of Kirkwood** indicated this amendment has no impact on their city. The officials said they do not wish to be in the cigarette taxing business.

Officials from the **City of Raymore** indicated they do not impose a tobacco tax, no fiscal impact.

Officials from the **City of St. Joseph** indicated this version applies to counties.

Officials from the **City of St. Louis City** indicated there is potential positive impact on revenues. The proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue for the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of West Plains** indicated at this time, they see no fiscal impact since this petition would only be enabling them to allow a vote on whether to impose an additional tax on tobacco products. It is also not possible to know at this time if this issue would even be put on the ballot, much less whether such a proposed tax would be passed by the voters of this community.

Officials from **Rockwood School District** indicated as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 4

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb

counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

Mark Reading provided additional information as a proponent of this initiative petition.

In reviewing some of the responses to your requests for input regarding Initiative Petitions 2012-090 through 2012-097 (your Fiscal Notes 11-78 through 11-85) (referred to collectively as the "Proposals"), I noted that at least two local governments (St. Charles and Jasper Counties) included the costs of future local elections in their responses. As your review of the Proposals will show, the Proposals do not require any local elections. The Proposals merely give local voters the right to set and control local tobacco taxes, nothing more. Any future election which might occur pursuant to the authority granted by the Proposals will be the result of optional action taken by local governmental bodies or local voters through the initiative process. My original submission, dated November 23, 2011, addresses this point and demonstrates how the fiscal impact of such "local option" measures has been assessed in the past.

I know it is your practice to review responses for reasonableness, and this practice has been upheld as a key component of fulfilling your duties under Section 116.175 and other applicable statutory provisions. *See Missouri Mun. League v. Carnahan*, 303 S.W.3d 573, 582 (Mo. Ct. App. 2010). Accordingly, you have both the authority and the duty to disregard responses which misconstrue the Proposals. Conversely, to include such inaccurate responses in the Fiscal Note or allow those responses to influence the Fiscal Note Summary would render both the Note and the Summary unfair and insufficient.

In closing, I appreciate your consideration and careful review of this issue. In order to fairly inform the voters, it is important that you distinguish — as you have done in the past — between measures (such as the Proposals) which authorize optional local elections which may (or may not) occur in the future if and when local governments or voters freely determine to exercise this new authority, and measures which mandate a local election which is certain to occur in particular locales in a given timeframe.

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Springfield, the City of Union, the City of Wentzville, Cape Girardeau 63 School District, Hannibal 60 School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-82)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received November 22, 2011)

Date

December 9, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that no impact is anticipated for their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if approved by the voters, would result in no fiscal impact.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an overall increase in tobacco taxes, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the

ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this has no impact on their office.

Officials from **Jasper County** indicated there would be no appreciable cost to the county other than the cost of including the issue on the ballot in an election which would probably amount to less than \$50,000. If a tobacco tax was approved by voters in this county, additional revenue would be generated but the officials said they have no idea how much.

Officials from **St. Charles County** estimated potential costs of \$260,000.

Initial costs:

Election Costs:	\$ 150,000
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Office Equipment/Computer Programming	\$ 25,000
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Ongoing Costs:

Staff workers for tax collection/enforcement	\$ 80,000
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Postage & Supplies	\$ 5,000
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TOTAL COST	\$ 260,000
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The officials also provided the following additional comments:

The costs reported of \$260,000 on this petition would only be incurred if St. Charles County were to proceed with the provisions of the initiative. No costs will be incurred by St. Charles County by the mere passage of the legislation.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal were to pass.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. Each version of the petition allows our current tax to remain in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because these proposals only enact enabling legislation for the adoption by the voters of the city of a tobacco tax, there is no fiscal impact to the city.

Officials from the **City of Kirkwood** indicated this amendment has no impact on their city. The officials said they do not wish to be in the cigarette taxing business.

Officials from the **City of Raymore** indicated they do not impose a tobacco tax, no fiscal impact.

Officials from the **City of St. Joseph** indicated this petition shouldn't result in any additional cost to their city. It could generate additional revenues for the specific purpose for which the tax was levied. This initiative isn't extremely clear on whether this would affect existing "state" cigarette taxes. It's implied, but not specifically stated.

Officials from the **City of St. Louis City** indicated there is potential positive impact on revenues. The proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue for the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of West Plains** indicated at this time, they see no fiscal impact since this petition would only be enabling them to allow a vote on whether to impose an additional tax on tobacco products. It is also not possible to know at this time if this issue would even be put on the ballot, much less whether such a proposed tax would be passed by the voters of this community.

Officials from **Rockwood School District** indicated as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 5

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding

"zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb

counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

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2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

Mark Reading provided additional information as a proponent of this initiative petition.

In reviewing some of the responses to your requests for input regarding Initiative Petitions 2012-090 through 2012-097 (your Fiscal Notes 11-78 through 11-85) (referred to collectively as the "Proposals"), I noted that at least two local governments (St. Charles and Jasper Counties) included the costs of future local elections in their responses. As your review of the Proposals will show, the Proposals do not require any local elections. The Proposals merely give local voters the right to set and control local tobacco taxes, nothing more. Any future election which might occur pursuant to the authority granted by the Proposals will be the result of optional action taken by local governmental bodies or local voters through the initiative process. My original submission, dated November 23, 2011, addresses this point and demonstrates how the fiscal impact of such "local option" measures has been assessed in the past.

I know it is your practice to review responses for reasonableness, and this practice has been upheld as a key component of fulfilling your duties under Section 116.175 and other applicable statutory provisions. *See Missouri Mun. League v. Carnahan*, 303 S.W.3d 573, 582 (Mo. Ct. App. 2010). Accordingly, you have both the authority and the duty to disregard responses which misconstrue the Proposals. Conversely, to include such inaccurate responses in the Fiscal Note or allow those responses to influence the Fiscal Note Summary would render both the Note and the Summary unfair and insufficient.

In closing, I appreciate your consideration and careful review of this issue. In order to fairly inform the voters, it is important that you distinguish — as you have done in the past — between measures (such as the Proposals) which authorize optional local elections which may (or may not) occur in the future if and when local governments or voters freely determine to exercise this new authority, and measures which mandate a local election which is certain to occur in particular locales in a given timeframe.

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Springfield, the City of Union, the City of Wentzville, Cape Girardeau 63 School District, Hannibal 60 School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-83)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received November 22, 2011)

Date

December 9, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that no impact is anticipated for their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if approved by the voters, would result in no fiscal impact.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an overall increase in tobacco taxes, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the

ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this has no impact on their office.

Officials from **Jasper County** indicated there would be no appreciable cost to the county other than the cost of including the issue on the ballot in an election which would probably amount to less than \$50,000. If a tobacco tax was approved by voters in this county, additional revenue would be generated but the officials said they have no idea how much.

Officials from **St. Charles County** estimated potential costs of \$260,000.

Initial costs:

Election Costs:	\$ 150,000
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Office Equipment/Computer Programming	\$ 25,000
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Ongoing Costs:

Staff workers for tax collection/enforcement	\$ 80,000
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Postage & Supplies	\$ 5,000
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TOTAL COST	\$ 260,000
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The officials also provided the following additional comments:

The costs reported of \$260,000 on this petition would only be incurred if St. Charles County were to proceed with the provisions of the initiative. No costs will be incurred by St. Charles County by the mere passage of the legislation.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal were to pass.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. Each version of the petition allows our current tax to remain in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because these proposals only enact enabling legislation for the adoption by the voters of the city of a tobacco tax, there is no fiscal impact to the city.

Officials from the **City of Kirkwood** indicated this amendment has no impact on their city. The officials said they do not wish to be in the cigarette taxing business.

Officials from the **City of Raymore** indicated they do not impose a tobacco tax, no fiscal impact.

Officials from the **City of St. Joseph** indicated this petition shouldn't result in any additional cost to their city. It could generate additional revenues for the specific purpose for which the tax was levied. This initiative isn't extremely clear on whether this would affect existing "state" cigarette taxes. It's implied, but not specifically stated.

Officials from the **City of St. Louis City** indicated there is potential positive impact on revenues. The proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue for the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of West Plains** indicated at this time, they see no fiscal impact since this petition would only be enabling them to allow a vote on whether to impose an additional tax on tobacco products. It is also not possible to know at this time if this issue would even be put on the ballot, much less whether such a proposed tax would be passed by the voters of this community.

Officials from **Rockwood School District** indicated as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 6

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding

"zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb

counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1442T.htm

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2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

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2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

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2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB795T.htm

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2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

Mark Reading provided additional information as a proponent of this initiative petition.

In reviewing some of the responses to your requests for input regarding Initiative Petitions 2012-090 through 2012-097 (your Fiscal Notes 11-78 through 11-85) (referred to collectively as the "Proposals"), I noted that at least two local governments (St. Charles and Jasper Counties) included the costs of future local elections in their responses. As your review of the Proposals will show, the Proposals do not require any local elections. The Proposals merely give local voters the right to set and control local tobacco taxes, nothing more. Any future election which might occur pursuant to the authority granted by the Proposals will be the result of optional action taken by local governmental bodies or local voters through the initiative process. My original submission, dated November 23, 2011, addresses this point and demonstrates how the fiscal impact of such "local option" measures has been assessed in the past.

I know it is your practice to review responses for reasonableness, and this practice has been upheld as a key component of fulfilling your duties under Section 116.175 and other applicable statutory provisions. *See Missouri Mun. League v. Carnahan*, 303 S.W.3d 573, 582 (Mo. Ct. App. 2010). Accordingly, you have both the authority and the duty to disregard responses which misconstrue the Proposals. Conversely, to include such inaccurate responses in the Fiscal Note or allow those responses to influence the Fiscal Note Summary would render both the Note and the Summary unfair and insufficient.

In closing, I appreciate your consideration and careful review of this issue. In order to fairly inform the voters, it is important that you distinguish — as you have done in the past — between measures (such as the Proposals) which authorize optional local elections which may (or may not) occur in the future if and when local governments or voters freely determine to exercise this new authority, and measures which mandate a local election which is certain to occur in particular locales in a given timeframe.

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Springfield, the City of Union, the City of Wentzville, Cape Girardeau 63 School District, Hannibal 60 School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-84)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received November 22, 2011)

Date

December 9, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that no impact is anticipated for their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if approved by the voters, would result in no fiscal impact.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an overall increase in tobacco taxes, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the

ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this has no impact on their office.

Officials from **Jasper County** indicated there would be no appreciable cost to the county other than the cost of including the issue on the ballot in an election which would probably amount to less than \$50,000. If a tobacco tax was approved by voters in this county, additional revenue would be generated but the officials said they have no idea how much.

Officials from **St. Charles County** estimated potential costs of \$260,000.

Initial costs:

Election Costs:	\$ 150,000
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Office Equipment/Computer Programming	\$ 25,000
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Ongoing Costs:

Staff workers for tax collection/enforcement	\$ 80,000
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Postage & Supplies	\$ 5,000
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TOTAL COST	\$ 260,000
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The officials also provided the following additional comments:

The costs reported of \$260,000 on this petition would only be incurred if St. Charles County were to proceed with the provisions of the initiative. No costs will be incurred by St. Charles County by the mere passage of the legislation.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal were to pass.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. Each version of the petition allows our current tax to remain in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because these proposals only enact enabling legislation for the adoption by the voters of the city of a tobacco tax, there is no fiscal impact to the city.

Officials from the **City of Kirkwood** indicated this amendment has no impact on their city. The officials said they do not wish to be in the cigarette taxing business.

Officials from the **City of Raymore** indicated they do not impose a tobacco tax, no fiscal impact.

Officials from the **City of St. Joseph** indicated this petition is not a city-related issue.

Officials from the **City of St. Louis City** indicated there is potential positive impact on revenues. The proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue for the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of West Plains** indicated at this time, they see no fiscal impact since this petition would only be enabling them to allow a vote on whether to impose an additional tax on tobacco products. It is also not possible to know at this time if this issue would even be put on the ballot, much less whether such a proposed tax would be passed by the voters of this community.

Officials from **Rockwood School District** indicated as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 7

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb

counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

Mark Reading provided additional information as a proponent of this initiative petition.

In reviewing some of the responses to your requests for input regarding Initiative Petitions 2012-090 through 2012-097 (your Fiscal Notes 11-78 through 11-85) (referred to collectively as the "Proposals"), I noted that at least two local governments (St. Charles and Jasper Counties) included the costs of future local elections in their responses. As your review of the Proposals will show, the Proposals do not require any local elections. The Proposals merely give local voters the right to set and control local tobacco taxes, nothing more. Any future election which might occur pursuant to the authority granted by the Proposals will be the result of optional action taken by local governmental bodies or local voters through the initiative process. My original submission, dated November 23, 2011, addresses this point and demonstrates how the fiscal impact of such "local option" measures has been assessed in the past.

I know it is your practice to review responses for reasonableness, and this practice has been upheld as a key component of fulfilling your duties under Section 116.175 and other applicable statutory provisions. *See Missouri Mun. League v. Carnahan*, 303 S.W.3d 573, 582 (Mo. Ct. App. 2010). Accordingly, you have both the authority and the duty to disregard responses which misconstrue the Proposals. Conversely, to include such inaccurate responses in the Fiscal Note or allow those responses to influence the Fiscal Note Summary would render both the Note and the Summary unfair and insufficient.

In closing, I appreciate your consideration and careful review of this issue. In order to fairly inform the voters, it is important that you distinguish — as you have done in the past — between measures (such as the Proposals) which authorize optional local elections which may (or may not) occur in the future if and when local governments or voters freely determine to exercise this new authority, and measures which mandate a local election which is certain to occur in particular locales in a given timeframe.

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Springfield, the City of Union, the City of Wentzville, Cape Girardeau 63 School District, Hannibal 60 School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-85)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received November 22, 2011)

Date

December 9, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that no impact is anticipated for their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if approved by the voters, would result in no fiscal impact.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an overall increase in tobacco taxes, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the

ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this has no impact on their office.

Officials from **Jasper County** indicated there would be no appreciable cost to the county other than the cost of including the issue on the ballot in the event of an election. The estimated cost would probably amount to less than \$50,000.

Officials from **St. Charles County** estimated potential costs of \$260,000.

Initial costs:

Election Costs:	\$ 150,000
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Office Equipment/Computer Programming	\$ 25,000
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Ongoing Costs:

Staff workers for tax collection/enforcement	\$ 80,000
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Postage & Supplies	\$ 5,000
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TOTAL COST	\$ 260,000
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The officials also provided the following additional comments:

The costs reported of \$260,000 on this petition would only be incurred if St. Charles County were to proceed with the provisions of the initiative. No costs will be incurred by St. Charles County by the mere passage of the legislation.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal were to pass.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. Each version of the petition allows our current tax to remain in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because these proposals only enact enabling legislation for the adoption by the voters of the city of a tobacco tax, there is no fiscal impact to the city.

Officials from the **City of Kirkwood** indicated this amendment has no impact on their city. The officials said they do not wish to be in the cigarette taxing business.

Officials from the **City of Raymore** indicated they do not impose a tobacco tax, no fiscal impact.

Officials from the **City of St. Joseph** indicated this petition is not a city initiative.

Officials from the **City of St. Louis City** indicated there is potential positive impact on revenues. The proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue for the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of West Plains** indicated at this time, they see no fiscal impact since this petition would only be enabling them to allow a vote on whether to impose an additional tax on tobacco products. It is also not possible to know at this time if this issue would even be put on the ballot, much less whether such a proposed tax would be passed by the voters of this community.

Officials from **Rockwood School District** indicated as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 8

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb

counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=/bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=/bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=/bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=/bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

Mark Reading provided additional information as a proponent of this initiative petition.

In reviewing some of the responses to your requests for input regarding Initiative Petitions 2012-090 through 2012-097 (your Fiscal Notes 11-78 through 11-85) (referred to collectively as the "Proposals"), I noted that at least two local governments (St. Charles and Jasper Counties) included the costs of future local elections in their responses. As your review of the Proposals will show, the Proposals do not require any local elections. The Proposals merely give local voters the right to set and control local tobacco taxes, nothing more. Any future election which might occur pursuant to the authority granted by the Proposals will be the result of optional action taken by local governmental bodies or local voters through the initiative process. My original submission, dated November 23, 2011, addresses this point and demonstrates how the fiscal impact of such "local option" measures has been assessed in the past.

I know it is your practice to review responses for reasonableness, and this practice has been upheld as a key component of fulfilling your duties under Section 116.175 and other applicable statutory provisions. *See Missouri Mun. League v. Carnahan*, 303 S.W.3d 573, 582 (Mo. Ct. App. 2010). Accordingly, you have both the authority and the duty to disregard responses which misconstrue the Proposals. Conversely, to include such inaccurate responses in the Fiscal Note or allow those responses to influence the Fiscal Note Summary would render both the Note and the Summary unfair and insufficient.

In closing, I appreciate your consideration and careful review of this issue. In order to fairly inform the voters, it is important that you distinguish — as you have done in the past — between measures (such as the Proposals) which authorize optional local elections which may (or may not) occur in the future if and when local governments or voters freely determine to exercise this new authority, and measures which mandate a local election which is certain to occur in particular locales in a given timeframe.

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Springfield, the City of Union, the City of Wentzville, Cape Girardeau 63 School District, Hannibal 60 School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-87)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 1, 2011)

Date

December 21, 2011

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that no impact is anticipated for their department.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will not have any impact for their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, a decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Missouri House of Representatives** indicated this initiative petition will have no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there will be no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the

purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this has no fiscal impact to their office.

Officials from **St. Charles County** estimated potential costs of \$260,000.

Initial costs:

Election Costs: \$ 150,000

Office Equipment/Computer Programming \$ 25,000

Ongoing Costs:

Staff workers for tax collection/enforcement \$ 80,000

Postage & Supplies \$ 5,000

TOTAL COST \$ 260,000

The officials also provided the following additional comments:

The costs reported of \$260,000 on this petition would only be incurred if St. Charles County were to proceed with the provisions of the initiative. No costs will be incurred by St. Charles County by the mere passage of the legislation.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. Each version of the petition allows our current tax to remain in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this initiative becomes law.

Officials from the **City of Kansas City** indicated because this applies only to counties, there is no fiscal impact on the city.

Officials from the **City of Kirkwood** indicated there would be no financial impact upon their city.

Officials from the **City of St. Joseph** indicated this petition involves county governments. Impact on their city is undeterminable.

Officials from the **City of St. Louis City** indicated the proposed proposition would allow for local elections to "set and control local tobacco taxes". This would provide a potential new source of revenue to their city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of Wentzville** indicated they anticipate a cost of \$50,000 annually to their general fund.

Officials from **Rockwood School District** indicated as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this petition would have a positive, but unknown, fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 9

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB795T.htm

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2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=/bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=/bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=/bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=/bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Governor's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Joplin**, the **City of Kirksville**, the **City of Mexico**, the **City of Raymore**, the **City of Springfield**, the **City of Union**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-88)**

Subject

Initiative petition from Robert Hess regarding a proposed amendment to Chapters 149 and 196 of the Revised Statutes of Missouri. (Received December 7, 2011)

Date

December 21, 2011

Description

This proposal would amend Chapters 149 and 196 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Cass County**, **Cole County**, **Greene County**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Kansas City**, the **City of Mexico**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Robert L. Hess, II provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact.

Officials from the **Department of Elementary and Secondary Education** indicated:

This proposal will present no costs to the state (none that will not be covered by the increased revenue); but has the potential to add significant funding to Missouri public schools.

According to The Campaign for Tobacco-Free Kids in Washington estimates, this proposal which also would raise taxes on other tobacco products besides cigarettes, would generate about \$283 million annually for the state. The proposal would allot half of that money to elementary and secondary education, 30 percent to colleges and universities and 20 percent to programs intended to prevent people from using tobacco or help them quit doing so.

A 50% allocation to K-12 education would mean an additional \$141.5 million of funding (based on the estimate of The Campaign for Tobacco-Free Kids in Washington). Since it is currently projected that funding for the Foundation Program is approximately \$292 million deficient, these funds could be put to good use.

Officials from the **Department of Higher Education** indicated:

This version of initiative petition 11-88 is estimated to cost their department approximately \$76,170 in the first full fiscal year in which its provisions are in effect.

Section 149.018.8 contains a provision which reads as follows: "The department of higher education shall ensure that at least twenty-five percent of the moneys distributed from the Public Higher Education Account are used for programs and initiatives related to the education, training, and development of future caregivers including physicians, dentists, optometrists, pharmacists, nurses, and other health care providers." This provision would require them to perform an audit function to track the use of funds distributed to institutions from the Public Higher Education Account created by the petition. They do not currently perform any such function in relation to funds appropriated to institutions and would be required to hire one full-time employee (FTE) with related experience to fulfill their duties required by the provision.

With an annual salary of \$50,000 and a fringe-benefit package estimated at 52.34% or \$26,170, they estimate the total cost of the FTE to be \$71,760 in the first full fiscal year in which the provisions of the initiative petition are in effect. The negative fiscal impact of the initiative petition on their department would subsequently increase in years in which staff salary raises were implemented by the state or the costs of fringe-benefit packages increased in a proportion equal to those cost increases.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition has no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated increased costs would be \$78,499 in fiscal year 2013, \$40,153 in fiscal year 2014, and \$40,570 in fiscal year 2015.

Based upon FY11 sales of 547 million stamps the tax increase of 3.65 cents per cigarette (73 cents per pack of 20) would raise approximately \$399 million per calendar year. Currently, the tax collected on roll your own tobacco is not reported separately from other tobacco products. The department is not able to estimate what the impact the tax increase would have on these products. Additionally, some portion of the \$158.7 million reported as the manufacturers invoice price for all other tobacco products sales during FY11 would include roll your own tobacco. However, if you based the tax increase on other tobacco products on the full amount reported in FY11, it would increase total collections by \$23.8 million dollars per year.

Under current law, wholesales receive discounts equal to three percent of the face value of each cigarette stamp. Based upon the FY11 sales of 547 million stamps, wholesalers received discounts of approximately \$2,789,700. Under the proposed legislation they would have received only \$2,735,000 in discounts if the tax rate did not increase. However, if the tax rate increases by \$.73, wholesalers would have received \$14,769,000. Under the proposed legislation, they would receive approximately \$12 million less in allowance.

The department will have programming expenses of \$40,068 to update and create tobacco processing systems.

The department will need one Revenue Processing Technician to perform additional duties required by Section 196.1029.

Comments

This initiative would go before voters on November 6, 2012. If passed, it would go into effect January 1, 2013. This would give Taxation approximately 45 days to implement. The Department of Revenue suggests the effective date be changed to either July 1, 2013 or January 1, 2014. This would allow time to develop new forms, communicate this to

licensees, and to complete any programming needed. This would also allow additional time for the department to request bids on a new stamp design, if necessary.

149.011(2) - By increasing the weight from 3 lbs to 4 lbs per thousand and including language that it can be wrapped in anything, this definition of cigarette would appear to include "little cigars." This would require stamping of packs of little cigars. It is unclear if little cigars would also fall under the MSA requirements and the Fire Safety requirements. In addition the definition of a cigarette under section 320.350, fire safety statutes, would be in conflict with the definition of cigarette under this legislation.

149.011(14) - The department requests clarification of what products are defined as "other product containing tobacco intended or expected to be consumed without being combusted."

149.018.4 (1) - Section 149.018.4 - The department recommends removing the one half of one percent limit on the cost of collection and indicating the cost of collection shall be equal to the actual costs incurred by the department. At a minimum, the cap should be increased to three percent of the moneys collected.

149.018.4(3) - Section 149.018.4 - The department requests clarification of how it is to determine if the increase in tax caused a decrease in the consumption of cigarettes. Over the past several years there has been a decline in the number of stamps sold which could be attributed to factors such as discontinued use of cigarettes due to health related issues or to the recent increase of the federal cigarette tax. There has been a slight increase in the amount of tax collected on other tobacco products, which may be attributed to public use of other tobacco products such as pipe tobacco, used as roll your own tobacco or purchasing little cigars which are similar in appearance to cigarettes but taxed at a lower federal tax rate. Each year the contributing factors to any decrease in the amounts deposited to the accounts could change and they may not be easily identified. It might be beneficial to add language that would require DOR to consult with the Department of Health in making the determination on what to attribute any decreases to.

149.018.5 - The department requests clarification of who is to make the distributions to the Tobacco Use Prevention and Quit Assistance Account, to the Public Education Account and the Public Higher Education Account.

149.018.10 - Imposes the taxes on existing inventory of any person licensed under Chapter 149. Retailers are not required to be licensed under Chapter 149. It is unclear if licensees who also operate retail establishments will be required to remit the tax increase on the product held by their retail operation. This legislation would appear to single out those retailers who happen to have a license and would not be inclusive of all other retailers. By only targeting those licensed under Chapter 149 for payment of the tax increase of in stock inventory, it opens up the possibility for stockpiling by other large retailers and allowing them to reap a windfall after the tax increase takes effect. In addition stockpiling of cigarettes could result in stamp shortages by DOR.

196.1023.4 –This appears to requires non-participating manufacturers to post a bond if its cigarettes were not sold in the state during any one of the four preceding calendar quarters, if it or any person affiliated with it failed to make a full and timely escrow deposit or if it or any person affiliated with it was removed from any states directory during any of the five preceding calendar years. This will require continual research to determine if any non-participating manufacturers meet the conditions for a bond. Quarterly escrow deposits must be made within 30 days after the end of each quarter under section 196.1003.1(4). This legislation appears to require a non-participating manufacturer to post a bond 10 days before the start to the next quarter in order to be listed in the directory for the next quarter. These two requirements appear to be in conflict with each other. In addition the department does not receive information from wholesalers regarding units sold until the 20th of each month. The department will not be able to determine if a bond is required 10 days before a new quarter begins because not all of the information regarding sales will be received more than 10 days before the start of the quarter.

The department recommends adding language to allow the department to promulgate rules in order to carry out the provisions of sections 149.011 to 149.215 or at least to cover the new section 149.018.

Officials from the **Department of Public Safety** indicated they assume that any costs associated with this proposal, if approved by the voters, will be absorbed with existing resources.

Officials from the **Department of Social Services** indicated:

This initiative petition seeks to impose an additional tax on tobacco products. The additional tax is:

- 3.65 cents per cigarette;
- 25% of the manufacturer's invoice price on roll-your-own tobacco; and
- 15% of the manufacturer's invoice price on all other forms of tobacco.

The increase is effective January 1, 2013.

All moneys collected as a result of these additional taxes shall be placed in the Health and Education Trust Fund and must be kept separate from the general revenue fund.

The money in the Health and Education Trust Fund is separated into three sub-accounts:

- the Tobacco Use Prevention and Quit Assistance Account (20%);
- the Public Education Account (50%, of which 25% must be used in direct classroom expenditures); and

- the Public Higher Education Account.

The petition also creates the Missouri Healthy Families Commission to conduct, coordinate, and oversee the tobacco use quit assistance and prevention activities, programs, and initiatives. The Commission consists of nine members appointed by the Governor with the advice and consent of the Senate. Board members may be employed by, contract with, receive payments from, or serve as directors, officers, or other representatives of organizations that receive funding directly or indirectly from the Tobacco Use Prevention and Quit Assistance Account, but are subject to certain disclosure standards and must recuse themselves from deliberations or voting on proposed actions when a material conflict of interest exists. The Departments of Health and Senior Services, Social Services, Public Safety, Elementary and Secondary Education, and Mental Health may designate a non-voting, ex officio representative to the Board of Directors of the Commission.

The increase in the tobacco tax will not create any additional revenue for the Department of Social Services (DSS) because the increased tax must be placed in the Health and Education Trust Fund and must be kept separate from the general revenue fund. The Department of Social Services currently receives money from the Health Initiatives Fund, which is funded by the tobacco tax under Subsection 149.015.8. If smoking consumption decreases due the smoking cessation programs authorized in this petition, or as a result of the increase in the tobacco tax itself, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there should be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Office of Administration** indicated:

This proposal imposes an additional tax of 3.65¢ per cigarette (73¢ per pack of 20); levies an additional 15% tax on other tobacco products (OTP); levies an additional tax of 25% on newly-defined "roll-your-own" products; changes the compensation rate for wholesalers; and requires non-participating manufacturers to post a bond. The changes are effective January 1, 2013.

New monies are deposited into the Health and Education Trust Fund and allocated as follows:

- 1) Tobacco Use Prevention and Quit Assistance Account (20%);
- 2) Public Education Account (50%);
- 3) Public Higher Education Account (30%).

The Missouri Healthy Families Commission is created to administer the Tobacco Use Prevention and Quit Assistance Account. The Commission is assigned to the Department of Health and Senior Services for budget and reporting purposes. The nine member commission is appointed by the Governor with advice and consent of the Senate.

The Public Education Account is appropriated to DESE for distribution to school districts with at least 25% of the money to be used in direct classroom expenditures.

The Public Higher Education Account is distributed to public colleges and universities in proportion to the total base operating appropriations for all public colleges and universities in the preceding fiscal year.

The proposed amendment to the Revised Statutes of Missouri should not result in additional costs or savings to the Office of Administration should it be approved by the voters. However, there is a statewide impact on revenues to the state.

The Division of Budget and Planning (BAP) calculates the impact of the cigarette tax increase by estimating the quantity of packs currently sold, applying the midpoint formula for elasticity to estimate the new quantity of packs, then calculating increased revenues.

BAP notes the following:

1. BAP estimates the current retail price of one cigarette pack is \$4.50 = \$4.33 price + \$0.17 excise tax. Prices vary substantially depending on brand and packaging. This analysis does not include additional impacts of any retail sales taxes.
2. The website "Tobacco Free Kids" estimates the average cigarette tax as \$1.46 per pack, as of June 28, 2011.¹ A tax of \$0.90 (the proposed \$0.73 plus the existing tax of \$0.17) would be below this average, but would exceed the tax rate of four neighboring states.
3. State cigarette taxes in FY11 totaled \$89,965,910, according to the SAM II Data Warehouse.²
4. "Elasticity" is the ratio of the change in quantity sold to the change in price. The CDC estimates the cigarette price elasticity as -0.4,³ which suggests a 4% drop in sales for each 10% increase in cost. However, research by Goolsbee (2004)⁴ demonstrates the elasticity for state cigarette taxes likely exceeds -1.2, and could exceed -2.0, depending on internet access.
5. Given the above information, BAP estimates the elasticity at -0.8 for this analysis.

¹ <http://www.tobaccofreekids.org/research/factsheets/pdf/0222.pdf>, accessed November 22, 2011.

² Data warehouse accessed September 21, 2011

³ http://www.cdc.gov/tobacco/data_statistics/fact_sheets/economics/econ_facts/index.htm, accessed September 21, 2011.

⁴ <http://faculty.chicagobooth.edu/workshops/AppliedEcon/archive/pdf/goolsbee.pdf>, accessed September 21, 2011

6. This analysis uses the midpoint-method to estimate the new quantity (Q2) of cigarette packs taxed as a result of the tax increase: $E = \{(Q2-Q1) / \text{AVG}(Q2,Q1)\} / \{(P2-P1) / \text{AVG}(P2,P1)\}$

Based on this information, BAP estimates increased cigarette tax revenues of \$332.4M annually (see Table 1).

Similarly for the increased OTP tax:

1. BAP estimates the current retail price of one "unit" of tobacco is \$4.50 = \$4.09 + \$0.41 excise tax. Prices vary substantially depending on brand and packaging. This analysis does not include additional impacts of any retail sales taxes.
2. BAP estimates the elasticity as -0.8, as above, and uses the midpoint formula, as above.

Based on this information, BAP estimates increased OTP taxes of \$19.5M annually (see Table 2).

BAP notes that currently, "roll-your-own" products are taxed as an OTP product. However, BAP does not have data on what proportion of OTP sales would qualify as "roll-your-own", and thus for the higher proposed tax rate. Therefore, there will also be an additional unknown increase in revenues resulting from this source.

The proposal directs the DOR to estimate the decreased consumption of cigarettes and OTP as a result of this proposal, and then to hold existing dedicated funds harmless. This analysis estimates a decrease of 60M cigarette packs. At 17¢ per-pack, this implies the DOR would need to transfer an estimated \$10.2M of the new cigarette revenues into existing funds. However, this transfer cannot exceed 3% of the new revenues, which is estimated at 10.0M. Similarly, this analysis estimates a decrease of 3.7M "units" of OTP sales. At an estimated tax rate of 41¢, this suggests a transfer of \$1.5M of the new OTP revenues into existing funds. However, this transfer cannot exceed 3% of the new revenues, which is estimated at 0.6M.

BAP defers to DOR for impacts of the changes to the compensation rate and bond postings; and to the Attorney General's Office on the impacts in changes related to the Master Settlement Agreement.

Table 1.

Cigarettes	Current (FY11)	New
Tax (per pack)	\$0.17	\$0.90
Estimated Cost Per Pack	\$4.50	\$5.23

Estimated Packs with Tax Increase, using Midpoint Formula

FY11 Revenues	\$89,965,910
Q1	529,211,235
P1	\$4.50
P2	\$5.23
Estimated Elasticity (see notes)	-0.8
Q2	469,281,167
Total Revenues	\$422,353,050
Increased Revenues	\$332,387,140

Table 2.

OTP	Current (FY11)	New
Tax (per unit)	10%	25%
Estimated Retail Cost Per Unit	\$4.50	\$5.11
Estimated Wholesale Cost Per Unit	\$4.09	

Estimated Units with Tax Increase, using Midpoint Formula

FY11 Revenues	\$15,551,490
Estimated Current Wholesales	\$155,514,900
Q1	38,023,203
P1	\$4.50
P2	\$5.11
Estimated Elasticity (see notes)	-0.8
Q2	34,328,641
Estimated New Wholesales	\$140,404,142
Total Revenues	\$35,101,036
Increased Revenues	\$19,549,546

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no fiscal impact upon their office.

Officials from the **City of Kansas City** indicated there is no fiscal impact on the city. This proposes a state tax administered by the state and not distributed to cities.

Officials from the **City of St. Joseph** indicated they hate to think of the cost to the state of setting this up, administering and enforcing it. The officials said they see no additional expenses. There could be grants to the Health Department for contracted services and those revenues would be tied to specific expenditures. There might be less revenue from their current portion of the Cigarette Tax if, as a border city, consumers go over into Kansas to buy their smokes. There is no way to estimate the possible reduction.

Officials from **Rockwood R-VI School District** indicated that as it is written, the district sees no estimated cost or savings from this measure.

Officials from **Metropolitan Community College** indicated this petition would have a positive fiscal impact on their college.

The **State Auditor's office** estimated annual audit costs required in the proposal would be up to an estimated \$40,000.

Robert L. Hess, II provided information as a proponent of this initiative petition.

As set forth in the enclosed analysis, tobacco use causes approximately \$2.13 billion in annual health care expenditures in Missouri. Smoking specifically causes approximately \$532 million in annual costs for the Missouri Medicaid program. The initiative petition would increase the tax on cigarettes by \$0.73 per pack, would increase the tax on roll-your-own tobacco by 25%, and would increase the tax on other tobacco products by 15%. Those tax increases would raise over \$283 million in new state revenue to help adults stop smoking, to keep kids from starting smoking, and to support public education and higher education.

In addition to raising new revenue, the tax increase would have an immediate public health benefit. Each 10% cigarette price increase reduces youth smoking by 6.5%. Each 10% cigarette price increase reduces adult smoking by 2%. The total expected reduction in smoking consumption as a result of a 10% price increase is 4%. It is conservatively estimated that the initiative petition would decrease youth smoking by 12% in Missouri and keep 45,700 kids in Missouri from becoming addicted adult smokers and help 28,200 current adult smokers quit. Twenty two thousand (22,000) Missouri residents would be saved from premature smoking-caused deaths.

There would also be a fiscal benefit to the citizens of the state from the improved public health. In the first five years, there would be more than \$30 million in savings from fewer smoking-related pregnancies, births, heart attacks and strokes. The long term savings would be approximately a billion dollars.

**NEW REVENUES, PUBLIC HEALTH BENEFITS & COST SAVINGS
FROM A 73-CENT CIGARETTE TAX INCREASE IN MISSOURI**

Current state cigarette tax: 17 cents per pack (51st among all states)
Smoking-caused costs in Missouri: \$7.61 per pack

Annual healthcare expenditures in Missouri directly caused by tobacco use: \$2.13 billion
Smoking-caused state Medicaid program spending each year: \$532.0 million

New Annual Revenue from Increasing the Cigarette Tax Rate by 73 Cents Per Pack: \$265.7 million

Additional Revenue from Raising OTP Rates to 25% Manufacturer's Price: \$17.3 million

New Annual Revenue is the amount of additional new revenue over the first full year after the effective date. The state will collect less new revenue if it fails to apply the rate increase to all cigarettes and other tobacco products held in wholesaler and retailer inventories on the effective date.

<u>Projected Public Health Benefits from the Cigarette Tax Rate Increase</u>	
<i>Percent decrease in youth smoking:</i>	12.0%
<i>Kids in Missouri kept from becoming addicted adult smokers:</i>	45,700

<i>Current adult smokers in the state who would quit:</i>	28,200
<i>Smoking-affected births avoided over next five years:</i>	7,950
<i>Missouri residents saved from premature smoking-caused death:</i>	22,000
<i>5-year health savings from fewer smoking-affected pregnancies & births:</i>	\$13.5 million
<i>5-year health savings from fewer smoking-caused heart attacks & strokes:</i>	\$17.4 million
<i>Long-term health savings in the state from adult & youth smoking declines:</i>	\$1.0 billion

- Tax increases of less than roughly 25 cents per pack or 10% of the average state pack price do not produce significant public health benefits or cost savings because the cigarette companies can easily offset the beneficial impact of such small increases with temporary price cuts, coupons, and other promotional discounting. Splitting a tax rate increase into separate, smaller increases in successive years will similarly diminish or eliminate the public health benefits and related cost savings (as well as reduce the amount of new revenues).
- Raising state tax rates on other tobacco products (OTPs) to parallel the increased cigarette tax rate will bring the state more revenues, public health benefits, and cost savings (and promote tax equity). With unequal rates, the state loses revenue each time a cigarette smoker switches to cigars, RYO, or smokeless. To parallel the new \$0.90 per pack cigarette tax, the state's new OTP tax rate should be at least 30% of wholesale price with minimum tax rates for each major OTP category linked to the state cigarette tax rate on a per-package or per-dose basis.

Needed State Efforts to Protect State Tobacco Tax Revenues

Having each of the following measures in place will maintain and increase state tobacco tax revenues by closing loopholes, blocking contraband trafficking, and preventing tax evasion.

State tax rate on RYO cigarettes equals the state tax rate on regular cigarettes	Yes
State tax rates on other tobacco products match the state cigarette tax rate	Yes
State definitions of "cigarette" block cigarettes from wrongfully qualifying as "cigars"	No
State definitions of "tobacco product" reach all tobacco products	No
Loopholes for the new generation of smokeless products (snus, tablets, etc.) closed	No
Minimum taxes on all tobacco products to block tax evasion and promote tax equity	No
"High-tech" tax stamps to stop counterfeiting and other smuggling and tax evasion	No
Retailers lose license if convicted of contraband trafficking	Yes
Street sales and mobile sales of cigarettes and other tobacco products prohibited	Yes
Non-Tobacco nicotine products without FDA approval banned	No

More information available at

http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/

Campaign for Tobacco-Free Kids 10.07.10 / Ann Boonn, October 26, 2011

Explanations & Notes

Projections are based on research findings that each 10% cigarette price increase reduces youth smoking by 6.5%, adult rates by 2%, and total consumption by 4% (adjusted down to account for tax evasion effects). Revenues still increase because the higher tax rate per pack will bring in more new revenue than is lost from the tax-related drop in total pack sales.

The projections incorporate the effect of both ongoing background smoking declines and the continued impact of the 61.66-cent federal cigarette tax increase (effective April 1, 2009) on prices, smoking levels and pack sales.

These projections are fiscally conservative because they include a generous adjustment for lost state pack sales (and lower net new revenues) from possible new smuggling and tax evasion after the rate increase and from fewer sales to smokers or smugglers from other states. For ways that the state can protect and increase its tobacco tax revenues and prevent and reduce contraband trafficking and other tobacco tax evasion, see the Campaign for Tobacco-Free Kids factsheet, *State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion*, <http://tobaccofreekids.org/research/factsheets/pdf/0274.pdf>.

Kids stopped from smoking and dying are from all kids alive today. Long-term savings accrue over the lifetimes of persons who stop smoking or never start because of the rate increase. All cost and savings in 2004 dollars. Projections will be updated when new relevant data or research becomes available.

Ongoing reductions in state smoking levels will, over time, gradually erode state cigarette tax revenues (in the absence of any new rate increases). But those declines are more predictable and less volatile than many other state revenue sources, such as state income tax or corporate tax revenues (which can drop sharply during recessions). In addition, the smoking declines that reduce tobacco tax revenues will simultaneously produce much larger reductions in government and private sector smoking-caused costs. See the Campaign for Tobacco-Free Kids factsheet, *Tobacco Tax Increases are a Reliable Source of Substantial New State Revenue*, <http://tobaccofreekids.org/research/factsheets/pdf/0303.pdf>.

For other ways states can increase revenues (and promote public health) other than just raising its cigarette tax, see the Campaign factsheet, *The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs*, <http://tobaccofreekids.org/research/factsheets/pdf/0357.pdf>.

For more on sources and calculations, see
<http://www.tobaccofreekids.org/research/factsheets/pdf/0281.pdf>

Additional Information on Tobacco Product Tax Increases

Raising State Cigarette Taxes Always Increases State Revenues and Always Reduces Smoking, <http://tobaccofreekids.org/research/factsheets/pdf/0098.pdf>.

Responses to Misleading and Inaccurate Cigarette Company Arguments Against State Tobacco Tax Increases, <http://tobaccofreekids.org/research/factsheets/pdf/0227.pdf>.

State Cigarette Excise Tax Rates & Rankings,
<http://tobaccofreekids.org/research/factsheets/pdf/0097.pdf>.

Top Combined State-Local Cigarette Tax Rates (State plus County plus City),
<http://tobaccofreekids.org/research/factsheets/pdf/0267.pdf>.

State Cigarette Tax Increases Benefit Lower-Income Smokers and Families,
<http://tobaccofreekids.org/research/factsheets/pdf/0147.pdf>.

The Best Way to Tax Smokeless Tobacco,
<http://tobaccofreekids.org/research/factsheets/pdf/0282.pdf>.

The Problem with Roll-Your-Own (RYO) Tobacco,
<http://tobaccofreekids.org/research/factsheets/pdf/0336.pdf>.

How to Make State Cigar Tax Rates Fair and Effective,
<http://tobaccofreekids.org/research/factsheets/pdf/0335.pdf>.

State Benefits from Increasing Smokeless Tobacco Tax Rates,
<http://tobaccofreekids.org/research/factsheets/pdf/0180.pdf>.

The Case for High-Tech Cigarette Tax Stamps,
<http://tobaccofreekids.org/research/factsheets/pdf/0310.pdf>.

State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion, <http://tobaccofreekids.org/research/factsheets/pdf/0274.pdf>.

The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs, <http://tobaccofreekids.org/research/factsheets/pdf/0357.pdf>

For questions or model legislation, please contact factsheets@tobaccofreekids.org.

For all TFK factsheets on tobacco tax increases, see

http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/

The State Auditor's office did not receive a response from the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Transportation**, **Cass County**, **Cole County**, **Greene County**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Mexico**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Linn State Technical College**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

Estimated additional revenue to state government from this proposal is \$283 million to \$423 million annually with limited estimated implementation costs or savings. The revenue will fund only programs and services allowed by the proposal. The fiscal impact to local governmental entities is unknown.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-89)**

Subject

Initiative petition from Mark Reading regarding a proposed amendment to Chapter 149 of the Revised Statutes of Missouri. (Received December 9, 2011)

Date

December 21, 2011

Description

This proposal would amend Chapter 149 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact for their department.

Officials from the **Department of Elementary and Secondary Education** indicated they assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated the requirements in this initiative petition have no fiscal impact on their department as they specifically do not apply to existing tobacco taxes and uses already authorized.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for the department because the tax is collected and the use of the proceeds is controlled at the local level. They said they currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, a decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, these initiative petitions do not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on their office.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They said they have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. This petition allows this current tax to remain in effect.

Officials from the **City of Jefferson** indicated they do not expect any fiscal impact should this petition become law.

Officials from the **City of Kansas City** indicated there is no direct fiscal impact by this initiative. The initiative permits local governments to impose new cigarette taxes through their voters, which would, if passed, increase revenue based on the proposition approved by voters, and allow expenditures for tobacco cessation and other similar projects.

Officials from the **City of Raymore** indicated there is no fiscal impact.

Officials from the **City of St. Joseph** indicated the first section of this initiative is probably illegal. Other than that, no cost or savings involved.

Officials from the **City of Springfield** indicated there is no increased cost in this petition. This version does not require the city to place the issue on the ballot at the next election date. Therefore, the vote could be delayed until the city would have other issues on the ballot and there would be no increased cost.

Officials from **Rockwood R-VI School District** indicated as it is written, they see no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in an increase in general revenue for the State of Missouri, there may be a positive fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **St. Louis Community College** indicated there is no direct fiscal impact to their college because the change does not give them authority to impose such a tax to generate revenue. However, if they were to be able to have one or more of the Counties and/or Cities within its boundaries impose such a tax under the revisions and agree to make a portion of those proceeds available to the college, then they could obtain a positive fiscal effect from this amendment. At this time, they do not know what this would yield.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Statutory Version 1

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains

provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek,

Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local*

government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

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2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/sum/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from the **Department of Corrections, the Department of Labor and Industrial Relations, the Department of Public Safety, the Missouri House of Representatives, the Department of Transportation, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, St. Louis County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of St. Louis, the City of Union, the City of Wentzville, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Metropolitan Community College, and University of Missouri.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-90)**

Subject

Initiative petition from Mark Reading regarding a proposed amendment to Chapters 149 and 196 of the Revised Statutes of Missouri. (Received December 9, 2011)

Date

December 29, 2011

Description

This proposal would amend Chapters 149 and 196 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

The officials also stated the provision modifies a portion of the escrow requirement for tobacco manufacturers who did not participate in the tobacco settlement. The proposal would simplify one issue related to enforcement of the escrow provisions. Due to the complexity of the current litigation related to the tobacco settlement; however, the officials said they do not expect the proposal to immediately result in savings. After litigation concludes, they assume the proposal would result in a savings of .5 AAG II, (\$47,500) resulting in a savings of \$39,963 in FY13 to the General Revenue Fund.

The officials also note that the amendment to section 196.1003 has the potential to result in an increase to the amount of payments received by Missouri from the Master Settlement Agreement (MSA). Because the amount of the payments is calculated based on variables such as the amount of sales in a given year, the officials said they cannot specifically predict the dollar amount.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact for their department.

Officials from the **Department of Elementary and Secondary Education** indicated they assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated the requirements in this initiative petition have no fiscal impact on their department as they specifically do not apply to existing tobacco taxes and uses already authorized.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will have no impact for their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for the department because the tax is collected and the use of the proceeds is controlled at the local level. They said they currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, a decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, these initiative petitions do not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration (OA)** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Proposals 11-90 and 11-92 also amend Chapter 196, RSMo. which consists of provisions related to the Master Settlement Agreement. OA defers to the Attorney General's Office for any fiscal impact.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on their office.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They said they have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. This petition allows this current tax to remain in effect.

Officials from the **City of Jefferson** indicated they do not expect any fiscal impact should this petition become law.

Officials from the **City of Kansas City** indicated there is no direct fiscal impact by this initiative. The initiative permits local governments to impose new cigarette taxes through their voters, which would, if passed, increase revenue based on the proposition approved by voters, and allow expenditures for tobacco cessation and other similar projects.

Officials from the **City of Raymore** indicated there is no fiscal impact.

Officials from the **City of St. Joseph** indicated the first section of this initiative is probably illegal. Other than that, no cost or savings involved.

Officials from the **City of Springfield** indicated there is no increased cost in this petition. This version does not require the city to place the issue on the ballot at the next election date. Therefore, the vote could be delayed until the city would have other issues on the ballot and there would be no increased cost.

Officials from **Rockwood R-VI School District** indicated as it is written, they see no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in an increase in general revenue for the State of Missouri, there may be a positive fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **St. Louis Community College** indicated there is no direct fiscal impact to their college because the change does not give them authority to impose such a tax to generate revenue. However, if they were to be able to have one or more of the Counties and/or Cities within its boundaries impose such a tax under the revisions and agree to make a portion of those proceeds available to the college, then they could obtain a positive fiscal effect from this amendment. At this time, they do not know what this would yield.

The officials also indicated:

Section 196.1003, RSMo - It is not clear as to whether the change in language would make it easier or more difficult for the tobacco product manufacturers to seek a release of funds paid into the escrow, and therefore, the College cannot determine if the language would have a positive or negative fiscal effect on the College.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Statutory Version 2

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains

provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek,

Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local*

government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town, village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Missouri House of Representatives**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Joplin**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of St. Louis**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Metropolitan Community College**, and **University of Missouri**.

Fiscal Note Summary

The proposal has no direct fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it enacts enabling legislation allowing the establishment of local tobacco taxes only if submitted to and approved by voters. Escrow fund changes may result in an unknown increase in future state revenue.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-91)**

Subject

Initiative petition from Mark Reading regarding a proposed amendment to Chapter 149 of the Revised Statutes of Missouri. (Received December 9, 2011)

Date

December 21, 2011

Description

This proposal would amend Chapter 149 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact for their department.

Officials from the **Department of Elementary and Secondary Education** indicated they assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated the requirements in this initiative petition have no fiscal impact on their department as they specifically do not apply to existing tobacco taxes and uses already authorized.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for the department because the tax is collected and the use of the proceeds is controlled at the local level. They said they currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, a decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, these initiative petitions do not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on their office.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They said they have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. This petition allows this current tax to remain in effect.

Officials from the **City of Jefferson** indicated they do not expect any fiscal impact should this petition become law.

Officials from the **City of Kansas City** indicated there is no direct fiscal impact by this initiative. The initiative permits local governments to impose new cigarette taxes through their voters, which would, if passed, increase revenue based on the proposition approved by voters, and allow expenditures for tobacco cessation and other similar projects.

Officials from the **City of Raymore** indicated there is no fiscal impact.

Officials from the **City of St. Joseph** indicated the first section of this initiative is probably illegal. Other than that, no cost or savings involved.

Officials from the **City of Springfield** indicated the cost of this initiative petition is \$130,000. The cost represents the cost to put the proposed issue before voters.

The officials provided the following additional comments:

The officials said they responded as if the measure would be taken to the voters. It is not mandated, but it is available. If the issue was never taken to the voters, there would be no need for a legislative change. A small number of signatures is required to put the issue on the ballot, they said they feel that once it is allowed to be put before voters, the required number of signatures will be easily obtained.

Officials from **Rockwood R-VI School District** indicated as it is written, they see no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in an increase in general revenue for the State of Missouri, there may be a positive fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **St. Louis Community College** indicated there is no direct fiscal impact to their college because the change does not give them authority to impose such a tax to generate revenue. However, if they were to be able to have one or more of the Counties and/or Cities within its boundaries impose such a tax under the revisions and agree to make a portion of those proceeds available to the college, then they could obtain a positive fiscal effect from this amendment. At this time, they do not know what this would yield.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Statutory Version 3

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains

provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek,

Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local*

government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bills/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from the **Department of Corrections, the Department of Labor and Industrial Relations, the Department of Public Safety, the Missouri House of Representatives, the Department of Transportation, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, St. Louis County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of St. Louis, the City of Union, the City of Wentzville, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Metropolitan Community College, and University of Missouri.**

Fiscal Note Summary

This proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities as it will only enact enabling legislation allowing the establishment of local tobacco taxes that may or may not be submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-92)**

Subject

Initiative petition from Mark Reading regarding a proposed amendment to Chapters 149 and 196 of the Revised Statutes of Missouri. (Received December 9, 2011)

Date

December 29, 2011

Description

This proposal would amend Chapters 149 and 196 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

The officials also stated the provision modifies a portion of the escrow requirement for tobacco manufacturers who did not participate in the tobacco settlement. The proposal would simplify one issue related to enforcement of the escrow provisions. Due to the complexity of the current litigation related to the tobacco settlement; however, the officials said they do not expect the proposal to immediately result in savings. After litigation concludes, they assume the proposal would result in a savings of .5 AAG II, (\$47,500) resulting in a savings of \$39,963 in FY13 to the General Revenue Fund.

The officials also note that the amendment to section 196.1003 has the potential to result in an increase to the amount of payments received by Missouri from the Master Settlement Agreement (MSA). Because the amount of the payments is calculated based on variables such as the amount of sales in a given year, the officials said they cannot specifically predict the dollar amount.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact for their department.

Officials from the **Department of Elementary and Secondary Education** indicated they assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated the requirements in this initiative petition have no fiscal impact on their department as they specifically do not apply to existing tobacco taxes and uses already authorized.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated this initiative petition will have no impact for their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for the department because the tax is collected and the use of the proceeds is controlled at the local level. They said they currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, a decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, these initiative petitions do not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration (OA)** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Proposals 11-90 and 11-92 also amend Chapter 196, RSMo. which consists of provisions related to the Master Settlement Agreement. OA defers to the Attorney General's Office for any fiscal impact.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on their office.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from the **City of Columbia** indicated they do not anticipate any fiscal impact unless, of course, either the City Council or local citizens bring a new tax question forward. They said they have a local "occupation license tax" of \$0.10 per package for all cigarettes sold, offered or displayed for sale. The intent of their ordinance is to levy a license tax pursuant to Sec. 166 of the City Charter and Sec. 94.110, RSMo. This petition allows this current tax to remain in effect.

Officials from the **City of Jefferson** indicated they do not expect any fiscal impact should this petition become law.

Officials from the **City of Kansas City** indicated there is no direct fiscal impact by this initiative. The initiative permits local governments to impose new cigarette taxes through their voters, which would, if passed, increase revenue based on the proposition approved by voters, and allow expenditures for tobacco cessation and other similar projects.

Officials from the **City of Raymore** indicated there is no fiscal impact.

Officials from the **City of St. Joseph** indicated the first section of this initiative is probably illegal. Other than that, no cost or savings involved.

Officials from the **City of Springfield** indicated the cost of this initiative petition is \$130,000. The cost represents the cost to put the proposed issue before voters.

The officials provided the following additional comments:

The officials said they responded as if the measure would be taken to the voters. It is not mandated, but it is available. If the issue was never taken to the voters, there would be no need for a legislative change. A small number of signatures is required to put the issue on the ballot, they said they feel that once it is allowed to be put before voters, the required number of signatures will be easily obtained.

Officials from **Rockwood R-VI School District** indicated as it is written, they see no estimated cost or savings from this measure.

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in an increase in general revenue for the State of Missouri, there may be a positive fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **St. Louis Community College** indicated there is no direct fiscal impact to their college because the change does not give them authority to impose such a tax to generate revenue. However, if they were to be able to have one or more of the Counties and/or Cities within its boundaries impose such a tax under the revisions and agree to make a portion of those proceeds available to the college, then they could obtain a positive fiscal effect from this amendment. At this time, they do not know what this would yield.

The officials also indicated:

Section 196.1003, RSMo - It is not clear as to whether the change in language would make it easier or more difficult for the tobacco product manufacturers to seek a release of funds paid into the escrow, and therefore, the College cannot determine if the language would have a positive or negative fiscal effect on the College.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Statutory Version 4

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains

provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek,

Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local*

government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/bilintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

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2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

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2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Missouri House of Representatives**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Joplin**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of St. Louis**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Metropolitan Community College**, and **University of Missouri**.

Fiscal Note Summary

The proposal has no direct fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it enacts enabling legislation allowing the establishment of local tobacco taxes only if submitted to and approved by voters. Escrow fund changes may result in an unknown increase in future state revenue.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-93)**

REVISED

Subject

Initiative petition from Paul Wilson regarding a proposed amendment to Chapter 393 of the Revised Statutes of Missouri. (Received December 16, 2011)

Date

January 9, 2012

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Cole County Public Works**, **Jackson County Legislators**, **St. Charles County**, **St. Louis County**, the **City of Columbia**, the **City of Jefferson**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of St. Louis**, the **City of Springfield**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, and the **Public Service Commission**.

Peabody Energy provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that some of the provisions may create additional duties in rate cases and Integrated Resource Plan filings, but assume that these will not be substantial and could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there will be no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there will be no impact for their department/Admin or Public Service Commission (PSC).

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated the potential indirect costs to their department are undeterminable at this time; however, there will be no direct fiscal impact to their department at this time.

Officials from the **Department of Natural Resources (MDNR)** estimated this proposal would increase costs to their department of \$99,175 in fiscal year 2014, \$89,176 in 2015, and \$90,113 in 2016.

To the extent the provisions result in development/expansion of Missouri renewable energy businesses, there could be a positive economic impact on small businesses in Missouri, such as solar due to the solar rebates to be provided to customers for installation of small systems.

Because of this proposal's exclusion of biomass as an eligible renewable resource, there could be a negative economic impact on developing renewable energy businesses in Missouri that have invested in biomass feedstocks and/or technologies as a result of their current status under the RES statute as eligible renewable energy resources.

This proposal would require new rulemaking(s) after public notice and hearing each time DNR certifies technologies that are not explicitly named as renewable resources in the proposal.

Section 393.102(8) defines "renewable energy" as "electric energy produced from renewable sources that operate in compliance with all state and federal environmental

standards and limited to the following technologies: wind turbines; solar thermal sources; photovoltaic cells and panels; hydropower (other than that excluded below); fuel cells using hydrogen produced by another renewable energy source; facilities that capture or use landfill gas; a project facility as defined in section 620.2300 RSMo; and other technologies used to produce electric energy, to the extent that such other technologies are certified as a renewable energy source in a rule adopted by the department or any successor agency after notice and hearing and consideration of the fuel, type, technology and environmental impacts..."

Under the current Renewable Energy Standard (RES) law, MDNR is responsible for identifying additional sources of renewable energy as eligible that may become available after November 2008 (the date the current RES was adopted). The current RES statute specifically identifies a larger number of eligible renewable resources than this proposal, which would result in more frequent actions by the MDNR to analyze, evaluate and potentially promulgate rules under this proposal. MDNR's current process as established by rule is an internal review, and if MDNR finds the resource eligible, this information is communicated to the applicant and posted. This RES proposal does not specifically identify many eligible renewable resources, which leaves a large number of resources that are or could be eligible under the current RES, but under this proposal, a public notice, hearing and rulemaking process would be required (subject to compliance with other eligibility provisions of the law). Additional citizen participation prior to public hearing would also be needed to make the appropriate determinations. This would require a significant amount of research, analysis and justification each time MDNR wished to consider certifying other technologies as renewable energy resources. Most notably missing from the new RES proposal is biomass, specifically the following currently eligible renewable energy resources are removed "dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, thermal depolymerization or pyrolysis for converting waste material to energy, clean untreated wood such as pallets."

The current RES law and this proposal requires MDNR to certify that renewable generation facilities cause no undue adverse environmental impacts to air, land or water.

MDNR's interpretation of the determination of whether there is "undue adverse air, water, or land use impacts" is as follows: The department issues permits for facilities with potential to cause adverse impacts to air, land and water. Therefore, facilities qualifying for and receiving a permit, or facilities under the threshold requiring a permit, will, by definition, be deemed not to have an impact on air, water or land use. MDNR's fiscal note is based on this interpretation and therefore, the department's Division of Environmental Quality is requesting no additional FTE.

In addition to the MDNR rulemakings that would be required to certify other technologies that are not explicitly named in the proposal as renewable sources, the department's Division of Energy would be a participant in Public Service Commission (PSC) rulemaking(s) established by the following provisions:

- 393.1030 – Authorizes the PSC to enact rules necessary to enforce the provisions of the RES;
- 393.1040 – Requires electric utilities to develop and administer all cost-effective energy efficiency and demand response programs that reduce annual growth in energy consumption and the need to build additional generation capacity. This would require amendment to the PSC’s current rules implementing the Missouri Energy Efficiency Investment Act (MEEIA). MDNR has been heavily involved in PSC rulemaking for the MEEIA. This provision would address a provision that was not included in the MEEIA law regarding PSC authority over energy efficiency. This would be a separate rulemaking amendment process from rule(s) promulgated to implement the RES provisions.
- 393.1045 - Requires the PSC to adopt rules establishing procedures for the tracking and recovery of the net costs of compliance; and
- 393.1050 - General rulemaking authority for the PSC to implement all provisions of the RES.

In coordination with Missouri’s investor-owned (regulated) electric utilities, the Missouri Public Service Commission should be in a position to estimate long-range costs for utilities’ compliance with the provisions of this initiative petition. Projected costs would be lower in the early years of implementation but potentially increase as the RES compliance targets increase to 20 percent in 2023 and 25 percent beginning in 2026. Increased RES compliance costs could be mitigated as environmental compliance costs for traditional energy sources increases and utilities consider the comparatively lower cost of renewable energy sources when uncertainty and environmental costs are factored in.

To the extent this new RES results in development of Missouri’s renewable energy resources and businesses, there would be economic and energy security benefits to the state of Missouri. However, such benefits would not be as significant due to the exclusion of biomass technologies as renewable sources as Missouri’s greatest potential renewable energy sources are from biomass feedstocks.

MDNR’s interpretation of the determination of whether there is “undue adverse air, water, or land use impacts” is as follows: the department issues permits for facilities with potential to cause adverse impacts to air, land and water. Therefore, facilities qualifying for and receiving a permit, or facilities under the threshold requiring a permit, will, by definition, be deemed not to have an impact on air, water or land use. MDNR’s fiscal note is based on this interpretation and therefore, the department’s Division of Environmental Quality is requesting no additional FTE.

However, the department assumes our Division of Energy-Policy and Resources Program would request a Planner III to implement the provisions of this proposal identified below. In addition, portions of existing FTE would be involved as technical consultants, providing policy direction/guidance, legal assistance/review and public information duties related to public notice/hearing(s). For purposes of this fiscal note, it is assumed the salary of a Planner III would be starting in FY 2014.

Section 393.1025(8) require the Department of Natural Resources, after notice and hearing, to identify other sources of renewable energy in a rule, and provide guidance for what constitutes 'renewable.'

Planner III duties associated with each rulemaking that may be promulgated to certify other technologies that are not explicitly named in the proposal as renewable sources: consultation with technical staff to coordinate research, analysis and justification for identifying other renewable sources; develop plan and implement plan for citizen participation process that identifies potential affected entities such as, renewable energy industry and interest groups and gathers information and discusses analysis and recommendations; draft rule language in consultation with affected entities; develop all documents and coordinate and follow administrative rulemaking process; work with public information staff to issue public notice and organize and conduct public hearing.

Under Sections 393.1030, 393.1040, 393.1045 and 393.1050 the department will be a participant in Public Service Commission rulemaking(s) required or authorized in these sections.

Planner III duties associated with participation in PSC rulemaking workshops: research, analyze and develop proposals and consult with management and legal counsel to develop positions/suggestions/language for rulemaking provisions and responses to other parties' positions/suggestions/language; monitor PSC workshop dockets and PSC Agenda meetings for policy direction on rule development from the Commission; attend and participate in all workshops; review all draft rulemakings and comment, in coordination with management and legal counsel; report developments.

Officials from the **Department of Corrections** indicated this initiative petition will have no impact for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume that this proposal, if approved by the voters, would result in no fiscal impact.

Officials from the **Department of Social Services** indicated this initiative petition does not affect the Family Support Division Low Income Home Energy Assistance Program (LIHEAP) and has no fiscal impact on their department. They will defer to OA Facilities Management for any associated cost with the use of renewable energy.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that the fiscal impact this proposal would have on their department is unknown at this time.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration (OA)** indicated there should be no direct costs or savings to their office. However, there could be an impact on utility costs paid by the state should utility providers adjust consumer rates in order to comply with this proposal.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on their office.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no fiscal impact to their office.

Officials from the **City of Columbia** indicated as currently drafted, this version appears to apply to electric utilities regulated by the Public Service Commission. Although the City of Columbia runs a municipal electric utility and generates some of its own power, it also buys power wholesale from Ameren Missouri, from renewable source providers and

from other suppliers. To the extent that the requirements in the initiative increase operating costs for any of our wholesalers or power partners, or increase competition for renewable power sources, this could increase costs for the City's utility. It is not possible to predict the extent of cost increases, if any.

Officials from the **City of Jefferson** indicated because the City of Jefferson is served by private utility companies, they do not expect any fiscal impact should this petition become law.

Officials from the **City of Kansas City** indicated the enactment of this legislation by the people of Missouri would impose no new costs upon the City of Kansas City, as a political subdivision. But as a utility consumer, any increase in costs experienced by KCPL, KCPL GMO, or Platte-Clay Electric Coop, will be placed into rates. Therefore, there is the potential for an increase in costs, but it is not capable of estimation since it is based solely on utility costs.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from the **Metropolitan Community College** indicated this petition would have no direct fiscal impact on their college.

Officials from **St. Louis Community College** indicated this applies to public utilities so there is no fiscal impact.

Peabody Energy provided the following information as an opponent of this initiative petition.

THE ECONOMIC AND FISCAL IMPACTS ON MISSOURI OF THE PROPOSED RENEWABLE ENERGY STANDARD

Management Information Services, Inc.
Washington, D.C.
www.misi-net.com
202-889-1324

December 27, 2011

Pursuant to Section 116.175.1, RSMo, and 15 CSR 40-5.010, the following report is submitted on behalf of Peabody Energy, Inc. This report focuses on the fiscal impact of the proposed legislation to state government, Missouri local governmental entities, and small and large businesses for the next two fiscal years and through the full implementation of the renewable energy standard called for by the proposal. In compliance with Section 23.140, RSMo, this report also notes that the proposal will modify the existing renewable energy standard but not duplicate an existing program or agency; the proposal is not the result of a federal mandate; and it is unknown whether any new physical facilities will be required as a result of the proposal.

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EXECUTIVE SUMMARY

A proposed Missouri initiative entitled "Renewable Energy Standard" (RES) would mandate that 25 percent of the state's electricity sold to retail customers be generated by renewable energy resources by 2026. We find that the fiscal impacts on the Missouri state and local governments would be devastating:

- The direct fiscal impact on the Missouri state government would be to increase its annual electric bill by \$29 million (70 percent) – the state would have to pay \$70 million/yr. for its electricity instead of \$41 million/yr.
- The direct fiscal impacts on Missouri local governments would be even more severe, since they have to pay for electricity for their schools, offices, police and fire facilities, etc. For example, the City of St. Louis would have to pay an additional \$6 million every year for its electric bill -- \$15 million/yr. instead of \$9 million/yr.¹

The indirect costs to Missouri state and local governments of the RES mandate would be much larger:

- Missouri state government tax revenues would decrease by about \$940 million per year
- Missouri local government tax revenues would decrease by about \$860 million per year

Finally, the RES would increase the Missouri unemployment rate, and, on the basis of statistical and epidemiological research, we estimate that this would increase the Missouri mortality rate by seven percent – causing an additional 3,900 deaths per year. These deaths exceed the annual deaths in Missouri from causes such as Stroke, Diabetes, Kidney Disease, Breast Cancer, or traffic accidents.

As shown below, the State of California provides the most salient example of how energy policies that displace coal generated electricity have a devastating direct and indirect economic costs.

Economic Impacts in Missouri

Coal plants produce inexpensive electricity and replacing them with much higher cost renewable facilities will cause electricity costs and rates to increase significantly. By the time the full RES mandate goes into effect in 15 years, it is likely that average electric rates in Missouri will be nearly twice as high as they would be in the absence of the mandate. Missouri would change from having electric rates that are 30% less than

¹ In order to accurately estimate the full fiscal impact of the RES upon local governments, the Auditor can solicit utility rates paid data from local governmental entities which purchase electricity from the affected providers, including city and county governments, police departments, fire departments and protection districts, school districts, etc.

the U.S. average to rates that are 40% higher than the U.S. average – Figure EX-1. Electricity price increases act like a tax increase, reducing incomes of energy consumers and ratepayers and depressing business development and economic output. We derived estimates of the likely impact in Missouri of enacting the RES.

As illustrated in Figures EX-2, and EX-3, the impact on the Missouri economy would be devastating: i) Missouri gross state product (GSP) would be reduced by \$21 billion annually; ii) nearly 200,000 annual jobs would be lost; iii) the jobs losses would be more than 12 times as large as total 2010 Missouri job losses; iv) the Missouri unemployment rate could increase by more than 75%; v) annual Missouri manufacturing output could be reduced by over \$1 billion; vi) annual Missouri state and local government tax revenues could be reduced by nearly \$2 billion.

Fiscal Impacts on Missouri State and Local Governments

Direct Impacts

There are direct costs to Missouri state and local governments resulting from significant increases in electric utility bills for all levels of government due to the large electricity rate increases resulting from the RES. If the RES is implemented, the Missouri state government's annual electric bill will increase by \$29 million (70 percent) – the state would have to pay \$70 million/yr. for its electricity instead of \$41 million/yr. Local governments would be affected even more severely.

Indirect Impacts

The indirect costs to Missouri state and local governments of the RES would be much larger than the direct costs. Tax revenue losses to state and local governments from full implementation of the RES would total at least \$1.8 billion annually: i) Missouri state government tax revenues would decrease by \$940 million per year; ii) Missouri local government tax revenues would decrease by \$860 million per year

The \$940 million annual revenue losses to the state government resulting from the RES would total (Figure EX-4): i) Nearly seven times the annual revenues collected from alcohol and tobacco taxes combined; ii) about 2.5 times the annual revenues collected from state corporate income taxes; iii) more than three times the annual revenues collected from state motor vehicle license fees.

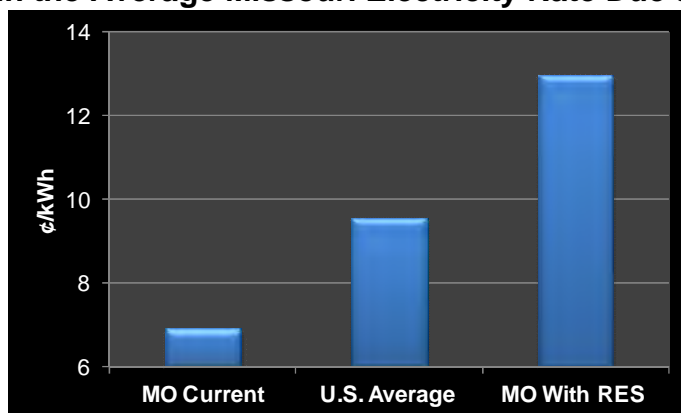
The \$940 million annual revenue losses to the state government resulting from the RES would total (Figure EX-4): i) More than four times as much as the state police budget; ii) more than three times as much as the state judicial and legal system budget; iii) three times more than the state currently spends on all natural resource programs.

The \$860 million annual revenue losses to Missouri local governments resulting from the RES would total (Figure EX-6): i) About twice as much as local governments receive every year in public utilities taxes; ii) about 2.5 times more than local

governments receive every year in personal income taxes; iii) more than 2.5 times as much as local governments receive every year in airport fees.

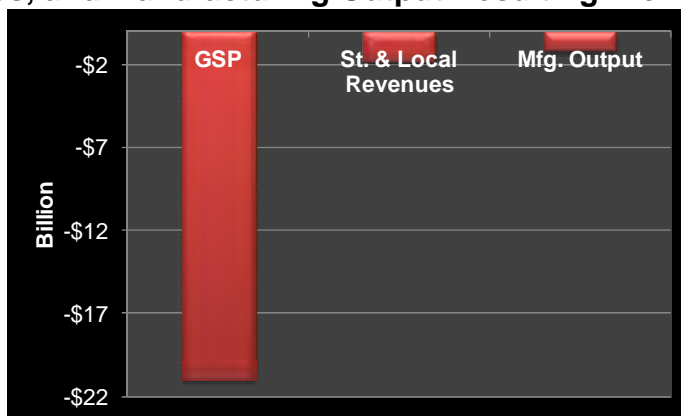
The annual revenue losses of \$860 million to Missouri local governments resulting from the RES would total (Figure EX-7): i) More three times as much as local governments spend every year on libraries; ii) more than twice as much as local governments spend every year on health programs; iii) about twice as much as local governments spend every year on housing and community development programs.

Figure EX-1
Increase in the Average Missouri Electricity Rate Due to the RES



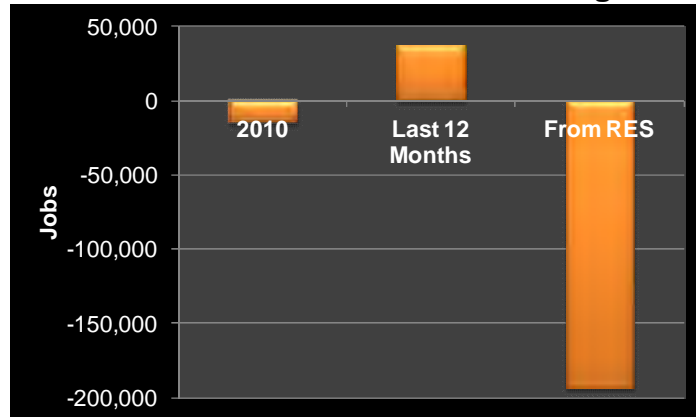
Source: U.S. Energy Information Administration and Management Information Services, Inc.

Figure EX-2
Annual Dollar Losses in Missouri GSP, State, and Local Government Revenues, and Manufacturing Output Resulting From the RES



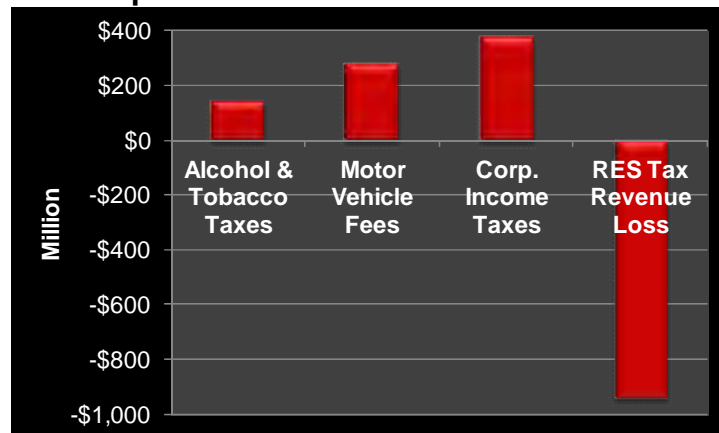
Source: U.S. Bureau of Economic Analysis and Management Information Services, Inc.

Figure EX-3
Magnitude of Missouri Job Losses Resulting From RES



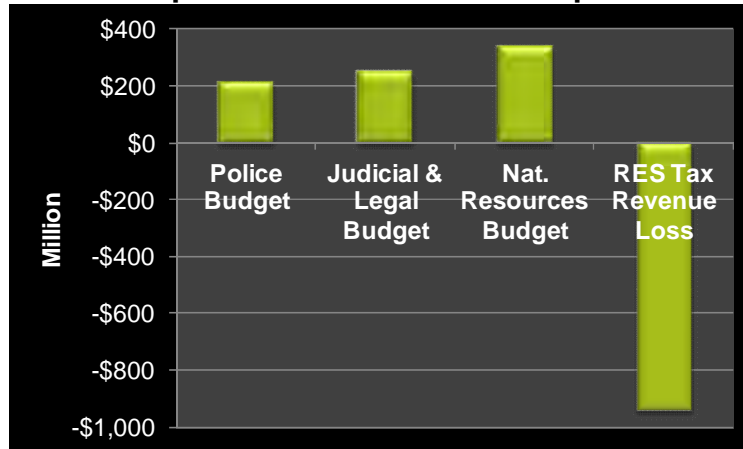
Source: U.S. Bureau of Economic Analysis and Management Information Services, Inc.

Figure EX-4
State Government Annual Revenue Losses From RES Compared to Selected Revenue Sources



Source: U.S. Census Bureau and Management Information Services, Inc.

Figure EX-5
State Govt. Annual Revenue Losses From
RES Compared to Selected State Expenditures



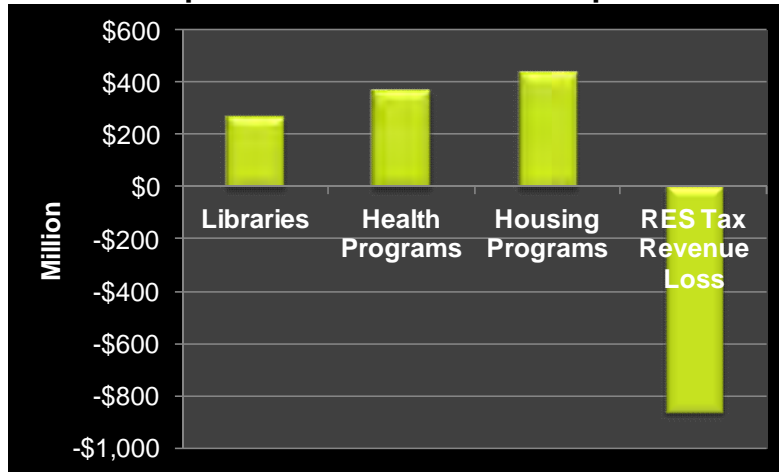
Source: U.S. Census Bureau and Management Information Services, Inc.

Figure EX-6
Local Governments Annual Revenue Losses From
RES Compared to Selected Revenue Sources



Source: U.S. Census Bureau and Management Information Services, Inc.

Figure EX-7
Local Governments Annual Revenue Losses From
RES Compared to Selected Local Expenditures



Source: U.S. Census Bureau and Management Information Services, Inc.

I. FISCAL IMPACTS ON MISSOURI STATE AND LOCAL GOVERNMENTS

I.A. Direct Impacts

The Missouri statutory audit language states that "...the auditor shall assess the fiscal impact of the proposed measure," and that "The fiscal note and fiscal note summary shall state the measure's estimated cost or savings, if any, to state or local governmental entities."²

There are no savings to the Missouri state or local governmental entities that would result from the proposed RES.

There will be costs to the state of managing and enforcing the mandate. These include the increased government administrative costs, costs of hiring more government workers, etc. These will likely be small in comparison to the other costs that will be incurred by Missouri state and local governments.

There are two major categories of fiscal impact costs on Missouri state and local governments. First, there are the direct costs to these governments resulting from significant increases in electric utility bills for all levels of government due to the large electricity rate increases resulting from the RES.

The Missouri state government spends about \$41 million annually on electricity.³ We estimate that, if the full RES mandate is implemented, average Missouri electric rates could increase by 90%. However, the state government purchases about 78 percent of its electricity from the IUOs to whom the RES mandate would apply,⁴ and the state's electric bill would thus increase by about 70 percent. Thus:

- The state government would have to pay an additional \$29 million every year for its electric bill -- \$70 million/yr. instead of \$41 million/yr.

Missouri local governments would be affected even more severely, since they have to pay for the electricity for their schools, administrative offices, police facilities, fire stations, etc. For example, officials from the City of St. Louis contended that the original 2008 Proposition C initiative would result in a significant fiscal impact on the city.⁵ The impact of the proposed RES initiative would be even worse. The City of St. Louis (City Offices, Street Department, and Lambert International Airport, excluding Water

²Missouri Revised Statutes, Chapter 116, Initiative and Referendum, Section 116.175, August 28, 2010.

³State of Missouri, Office of Administration, Division of Accounting, Missouri Accountability Portal, "Payments by Category Detail," 2011.

⁴State of Missouri, Office of Administration, Division of Accounting, Division of Purchasing and Materials Management, December 2011.

⁵See Missouri State Auditor's Office, op. cit

Department and Metropolitan Police Department) currently pays about \$9 million annually for electricity.⁶ Under the proposed RES:

- The City of St. Louis would have to pay an additional \$6 million every year for its electric bill -- \$15 million/yr. instead of \$9 million/yr.

City officials stated that the cost increases from the original 2008 Proposition C “could prove to be devastating to the entire economy of St. Louis City.”⁷ The impact of the proposed RES would be even more devastating to the City’s economy.

I.B. Indirect Impacts

The increased electricity costs would have serious fiscal impacts on Missouri state and local governments. However, the indirect costs to Missouri state and local governments of the RES mandate would be much larger and much more important.⁸ These include impacts such as the following:

- Increased state and local government spending and burdens caused by the job losses resulting from the RES
- Increased state and local government spending required due to the adverse effects of the RES on poverty, homelessness, health, etc.

But even these impacts would be trivial compared to the major indirect impacts: Tax revenue losses to state and local governments that would result from the economic damage to the state from the RES.⁹ We estimate that the tax revenue losses to state and local governments from full implementation of the RES would total at least \$1.8 billion annually:

- Missouri state government tax revenues would decrease by about \$940 million per year
- Missouri local government tax revenues would decrease by about \$860 million per year

How serious would these revenue losses be for Missouri state and local government? Perspective is provided by examining current Missouri state and local government revenues and expenditures.¹⁰

I.B.1. Missouri State Government Revenue Losses

⁶Ibid.

⁷Ibid.

⁸See the discussion in Section VI.

⁹See the discussion in Section VI.

¹⁰Derived from the data series “State and Local Government Finances by Level of Government and by State,” U.S. Census Bureau, 2011.

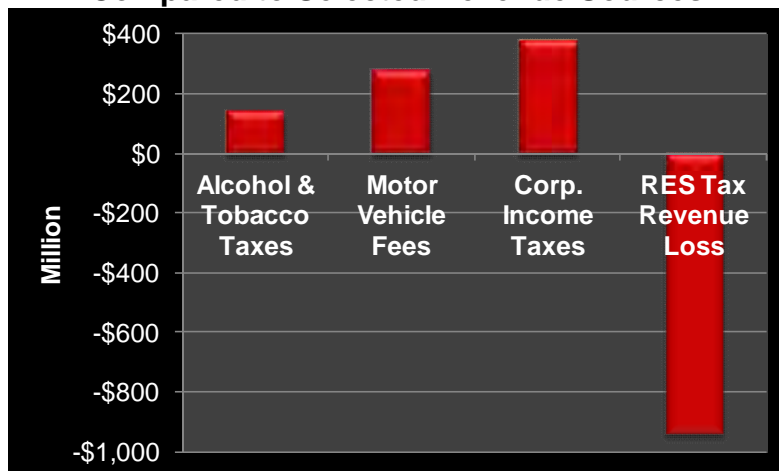
The Missouri state government would suffer a decrease in revenues of about \$940 million per year as a result of the RES. With respect to revenues, the state currently receives, annually, about:

- \$31 million in alcohol beverage taxes
- \$110 million in tobacco product taxes
- \$380 million in corporate income taxes
- \$280 million in motor vehicle license fees

Thus, the \$940 million annual revenue losses to the state government resulting from the RES would total (Figure I-1):

- Nearly seven times the annual revenues collected from alcohol and tobacco taxes combined
- About 2.5 times the annual revenues collected from state corporate income taxes
- More than three times the annual revenues collected from state motor vehicle license fees

Figure I-1
State Government Annual Revenue Losses From RES
Compared to Selected Revenue Sources



Source: U.S. Census Bureau and Management Information Services, Inc.

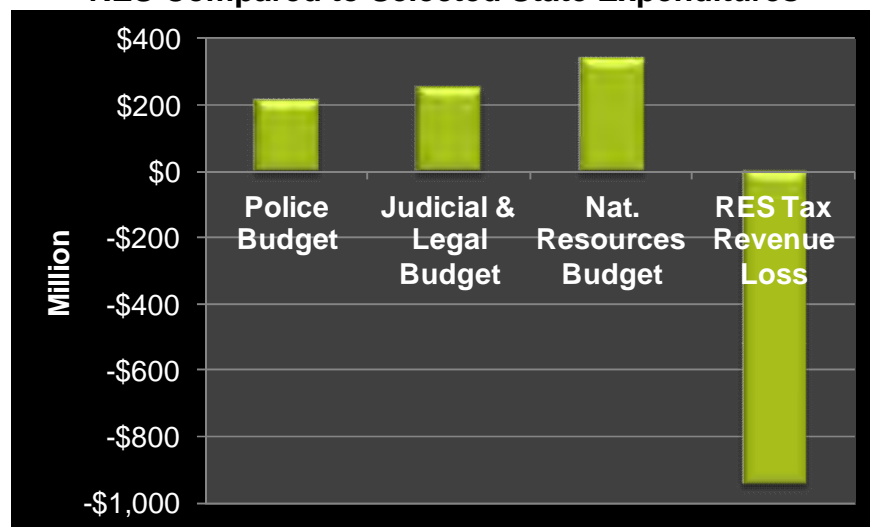
With respect to expenditures, the state currently spends, annually, about:

- \$215 million for police protection
- \$250 million for the judicial and legal system
- \$340 million for natural resource programs

Thus, the \$940 million annual revenue losses to the state government resulting from the RES would total (Figure I-2):

- More than four times as much as the state police budget
- More than three times as much as the state judicial and legal system budget
- Nearly three times more than the state currently spends on all natural resource programs

Figure I-2
State Govt. Annual Revenue Losses From
RES Compared to Selected State Expenditures



Source: U.S. Census Bureau and Management Information Services, Inc.

I.B.2. Missouri Local Governments Revenue Losses

Missouri local governments would see a decrease in revenues of about \$860 million per year as a result of the RES. With respect to revenues, local governments currently receive, annually, about:

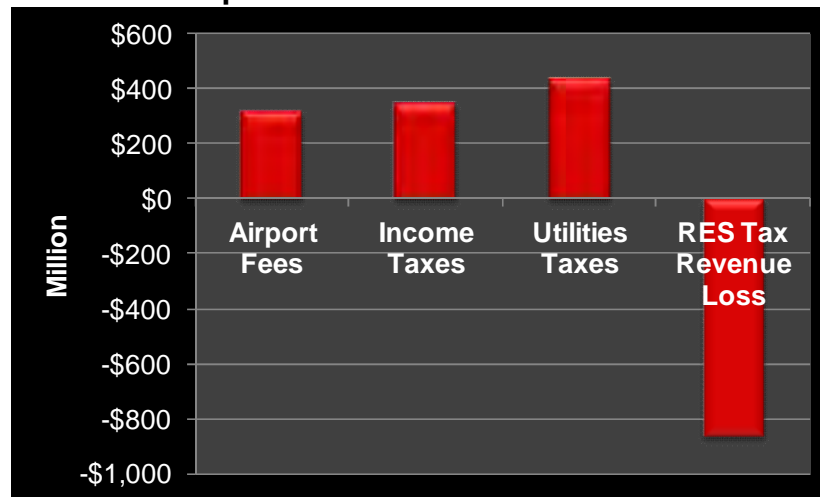
- \$440 million in public utilities taxes
- \$350 million in individual income taxes
- \$320 million in airport fees

Thus, the \$860 million annual revenue losses to Missouri local governments resulting from the RES would total (Figure I-3):

- About twice as much as local governments receive every year in public utilities taxes

- About 2.5 times more than local governments receive every year in personal income taxes
- More than 2.5 times as much as local governments receive every year in airport fees

Figure I-3
Local Governments Annual Revenue Losses From
RES Compared to Selected Revenue Sources



Source: U.S. Census Bureau and Management Information Services, Inc.

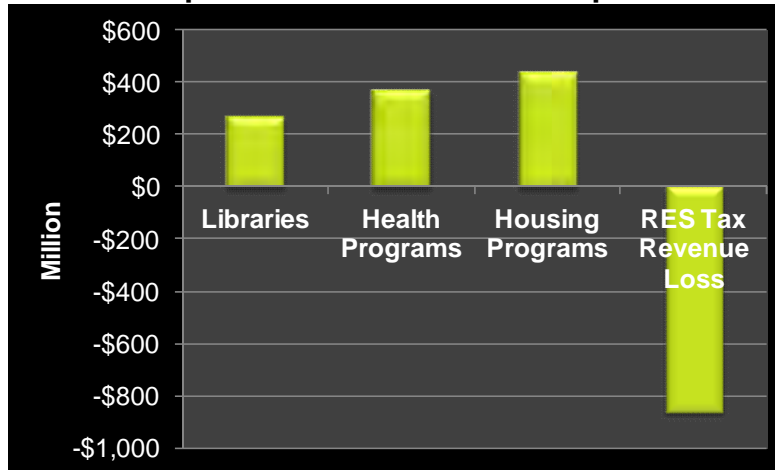
With respect to expenditures, Missouri local governments currently spend, annually, about:

- \$270 million on libraries
- \$370 million on health programs
- \$440 million on housing and community development programs

Thus, the annual revenue losses of \$860 million to Missouri local governments resulting from the RES would total (Figure I-4):

- More three times as much as local governments spend every year on libraries
- More than twice as much as local governments spend every year on health programs
- About twice as much as local governments spend every year on housing and community development programs

Figure I-4
Local Governments Annual Revenue Losses From
RES Compared to Selected Local Expenditures



Source: U.S. Census Bureau and Management Information Services, Inc.

I.C. Missouri Fiscal Impacts in Perspective

The bottom line is that the revenue losses resulting from the RES would have serious negative impacts on Missouri state and local governments. This is especially significant because Missouri state and local government budgets are under intense strain due to the recession (as is the case in most other states), and successive rounds of expenditure reductions and tax and fee increases have been required. For example, earlier this year Governor Nixon was forced to make an additional \$172 million reduction in the state budget, with most of the reduction made in state aid to public universities.¹¹ The state government revenue losses resulting from the RES total more than five times this reduction in the state budget.

It is also noteworthy that the Governor stated the budget reduction was necessary, in part, to free up \$50 million required for disaster assistance in Joplin and flood-damaged southeastern Missouri.¹² The revenue losses from the RES are more than 17 times as large as these funds required for disaster assistance.

More generally, the Missouri state government faces serious, continuing fiscal problems. For example:

- The state's revenue decline between FY 2009 and FY 2010 was the largest sustained decline since the Great Depression of the 1930s. Further, FY 2011 revenues of \$7.2 billion were \$828 million

¹¹Jason Hancock, "Jay Nixon Cuts Millions From State Budget," *St. Louis Post-Dispatch*, June 11, 2011.

¹²*Ibid.*

less than FY 2008 revenues, and were even less than the \$7.3 billion collected in FY 2006.¹³

- The state originally passed a budget of \$23.8 billion in spending for FY 2012 (July 2011 through June 2012) and \$23.2 billion in projected revenues, thus projecting a \$600 million shortfall – although independent analysts estimated that the budget shortfall was nearly \$1 billion.¹⁴
- Missouri's revenues are currently falling short of what is required to meet budget requirements, increasing 1.2 percent through October 2011 compared with the same point in the previous fiscal year, whereas state budget director Linda Luebbering estimates that revenues need to increase two percent to balance the budget.¹⁵
- A comprehensive survey of state budgets found that Missouri confronts an \$850 million budget shortfall for FY 2013 – 10.7 percent of the state's FY 12 budget.¹⁶
- Governor Nixon is asking five state universities to consider lending the state more than \$100 million next year to help balance the state's budget, a proposal that is drawing criticism from key legislators displeased with both its secrecy and its impact.¹⁷

In sum, the fiscal impacts on the Missouri state and local governments would be twofold:

- First, all levels of government would experience very large increases in their electricity bills – their bills could nearly double
- Second, and much more devastating, total state and local government tax revenues would decrease by nearly \$2 billion

However, the fiscal impact on Missouri state and local governments will be even worse for, at the same time their electricity expenditures are increasing and their tax revenues decreasing, the economic impacts of the RES will place further burdens on state and local government services. The precise costs of these cannot be determined, but they will be significant. For example:

- The RES will cause as many as 200,000 Missourians to lose their jobs, and this will increase demand for government resources for

¹³Tom Kruckemeyer, *Missouri General Revenue Report, First Quarter FY 2012*, The Missouri Budget Project, October 24, 2011.

¹⁴Brian R. Hook, "Missouri Could Face Budget Shortfall of \$1 Billion in 2012," <http://missouri.watchdog.org>, August 6, 2010.

¹⁵"Missouri Revenue Falling Short of Budget," *Businessweek*, November 3, 2011.

¹⁶Elizabeth McNichol, Phil Oliff, and Nicholas Johnson, "States Continue to Feel Recession's Impact," Center on Budget and Policy Priorities, June 17, 2011.

¹⁷"Nixon Considers Asking 5 Missouri Universities to Lend Money to State," *St. Louis Post-Dispatch*, December 17, 2011.

unemployment compensation, joblessness assistance, retraining, etc.

- The RES will increase “fuel poverty” in Missouri and will thus place demands on government energy assistance, and health and welfare services
- Inability to pay utility bills is the second leading cause of homelessness (after domestic abuse), and increased homelessness will place additional strains on government resources.¹⁸

The bottom line is that the fiscal impact of the proposed RES would be very serious for Missouri state and local governments.

Note: The Missouri State Auditor’s Office estimated that the direct cost to state governmental entities of the 2008 Proposition C would be about \$400,000.¹⁹ In reality, the total cost to state governmental entities of the proposed RES initiative would be more than 2,000 times larger than this, and the total cost to all state and local government entities would be more than 4,000 times larger.

¹⁸The Colorado Statewide Homeless Count, “Colorado Statewide Homeless Count, Summer 2006: Final Report,” February 2007.

¹⁹Missouri State Auditor's Office, op. cit.

II. THE PROPOSED MISSOURI RES INITIATIVE

The proposed Missouri initiative states that:²⁰

“In meeting, its obligations to provide energy services to retail customers in this state, each electrical corporation shall acquire and use energy generated from renewable energy resources in amounts equal to the following percentages of its total retail electric sales:

- (a) No less than five percent for calendar years 2014 through 2016;
- (b) No less than ten percent for calendar years 2017 through 2019;
- (c) No less than fifteen percent for calendar years 2020 through 2022;
- (d) No less than twenty percent for calendar years 2023 through 2025;
and
- (e) No less than twenty-five percent for each calendar year beginning in 2026 and thereafter.

²⁰“This report assumes that electric utilities will recover costs incurred to fully implement the mandates called for in the proposed § 393.1030.1 according to all applicable legal standards.

III. MISSOURI ELECTRICITY

At present, electricity generation in Missouri is provided overwhelmingly by coal. As shown in Figure III-1, coal provides over 80 percent of the state's electricity while renewables provides less than one percent.²¹ The major impact of this initiative would be thus to shift about 25 percent of Missouri's electricity generation from coal to renewables within 15 years.²²

This will result in very large increases in Missouri electricity costs and rates, since renewables are, by far, the most expensive source of electricity generation. Figure III-2 shows the levelized cost of electricity (LCOE)²³ from different generation sources and illustrates that:

- Biomass is more than three times as expensive as coal
- Wind is four to five times as expensive as coal
- Solar thermal is six to seven times as expensive as coal
- Solar photovoltaics is more than 10 as expensive as coal

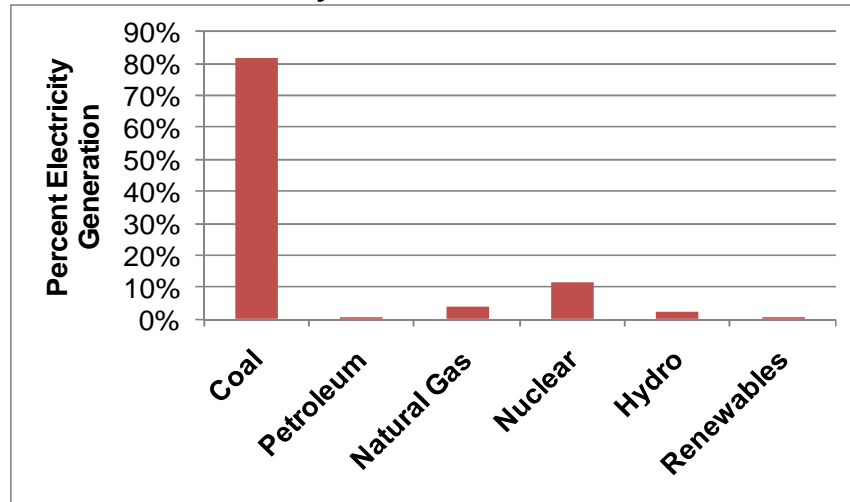
Thus, replacing 25 percent of the least expensive electricity generation source (coal) with the most expensive (renewables) will inevitably cause Missouri electric rates to increase dramatically.

²¹U.S. Energy Information Administration, 2011.

²²The RES would apply exclusively to investor owned utilities (IOUs) in Missouri, which account for about 75 percent of total electricity generation in the state. However, nuclear power accounts for 12 percent of Missouri electricity and hydroelectric for two percent, and it is unlikely that the RES will displace significant quantities of either of these electricity generation sources. Therefore, coal-fired electricity will represent virtually all of the electricity that would be replaced by renewables under the RES.

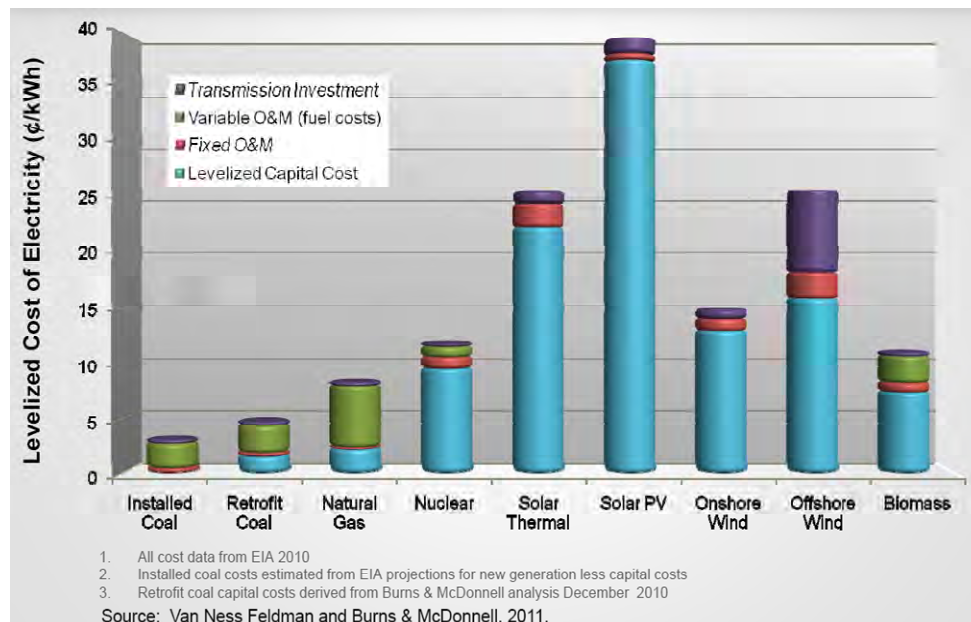
²³The LCOE is the constant dollar electricity price that would be required over the life of a plant to cover all operating expenses, payment of debt, accrued interest on initial project expenses, and the payment of an acceptable return to investors. LCOE is comprised of three components: Capital charge, operation and maintenance costs, and fuel costs. Levelized costs represent the present value of the total cost of building and operating an electricity generating plant over its financial life, converted to equal annual payments and amortized over expected annual generation from an assumed duty cycle. The key factors contributing to levelized costs include the cost of constructing the plant, the time required to construct the plant, the non-fuel costs of operating the plant, the fuel costs, the cost of financing, and the utilization of the plant. Levelized costs are used to compare different technology options to satisfy a given duty cycle requirement, and levelized costs for different technologies can be evaluated using appropriate capacity factors. LCOE is a standard, basic metric that analysts use to analyze the economic and rate impacts of alternate electricity generation scenarios. LCOE is a valuable metric because it allocates the costs of an energy plant across its useful life, to give an effective price per each unit of energy (kWh). The advantage of LCOE is that it yields a single metric that can be used to compare different types of systems, including renewable energy, coal, natural, gas, nuclear, etc. It is the metric adopted by and widely used by the U.S. Department of Energy, the EIA, the National Renewable Energy Laboratory, the National Energy Technology Laboratory, and other energy research organizations and utilities.

Figure III- 1
Electricity Generation in Missouri



Source: U.S. Energy Information Administration.

Figure III-2
Levelized Costs of Electricity by Generation Sources



Missouri will likely experience a series of significant step increases in rates as the increasingly stringent RES mandates take effect in 2014, 2017, 2020, 2023, and 2026. The end result is that, if the RES is enacted, within 15 years electricity rates in Missouri would be much higher than they would be in the absence of the RES.

IV. MISSOURI RATE IMPACTS OF THE RES

As noted in section II, the proposed RES would require that in Missouri renewable energy resources provide the following portions of the state's electricity:

- At least five percent for the years 2014 through 2016
- At least 10 percent for the years 2017 through 2019
- At least 15 percent for years 2020 through 2022
- At least 20 percent for the years 2023 through 2025
- At least 25 percent for the year 2026 and thereafter

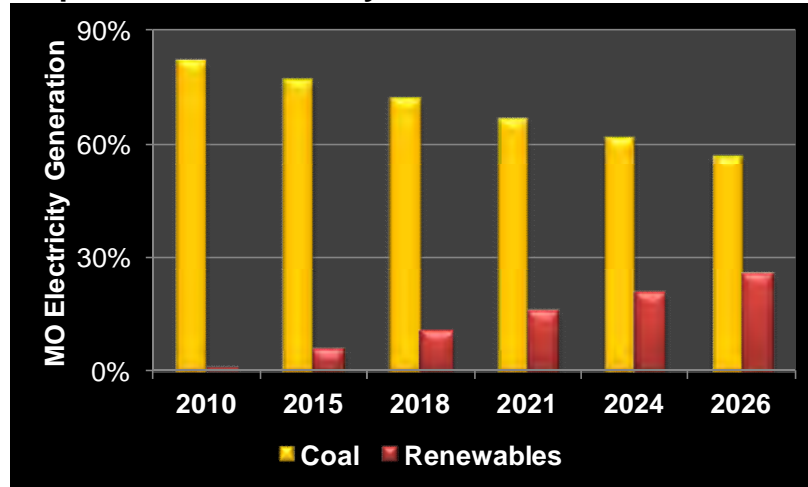
At present, as discussed in Section III, 82 percent of Missouri's electricity is derived from coal and less than one percent is derived from all renewables combined. Thus, as illustrated in Figure IV-1, the major impact of the RES would be to force over a 14 year period a major shift in Missouri electricity generation from coal to renewables,²⁴ for example:

- In 2010, 82 percent of Missouri electricity generation was from coal and less than one percent was from renewables
- In 2015, under the RES, 77 percent of Missouri electricity generation would be from coal and five percent would be from renewables
- In 2021, under the RES, 67 percent of Missouri electricity generation would be from coal and 15 percent would be from renewables
- In 2026, under the RES, 57 percent of Missouri electricity generation would be from coal and 25 percent would be from renewables

Thus, the major impact of the RES would be to reduce the percentage of electricity in Missouri generated by coal from its current 82 percent to 57 percent by 2026 and to increase the percentage of electricity in Missouri generated by renewable coal from the current less than one percent to 25 percent by 2026. Since the costs of electricity generation from renewables are from three to 10 times more expensive than the cost of electricity generation from coal, the inevitable result will be a rapid, dramatic increase in Missouri electricity rates.

²⁴See the discussion in footnote 21.

Figure IV-1
Replacement of Coal by Renewables Under the RES



Source: Management Information Services, Inc.

The precise magnitude of the rate increases will be determined by the detailed mix of renewable sources and their corresponding LCOEs. This can be illustrated conceptually by the simple formula, assuming generation sources other than coal and renewables are held constant:

$$A = f(BC + D_1E_1 + D_2E_2 + \dots D_nE_n)$$

Where:

A is the average LCOE

B is the coal LCOE

C is the percent electricity generation provided by coal

D_1 is the LCOE of renewable source 1

E_1 is the percent electricity generation provided by renewable source 1

D_2 is the LCOE of renewable source 2

E_2 is the percent electricity generation provided by renewable source 2

D_n is the LCOE of renewable source n

E_n is the percent electricity generation provided by renewable source n

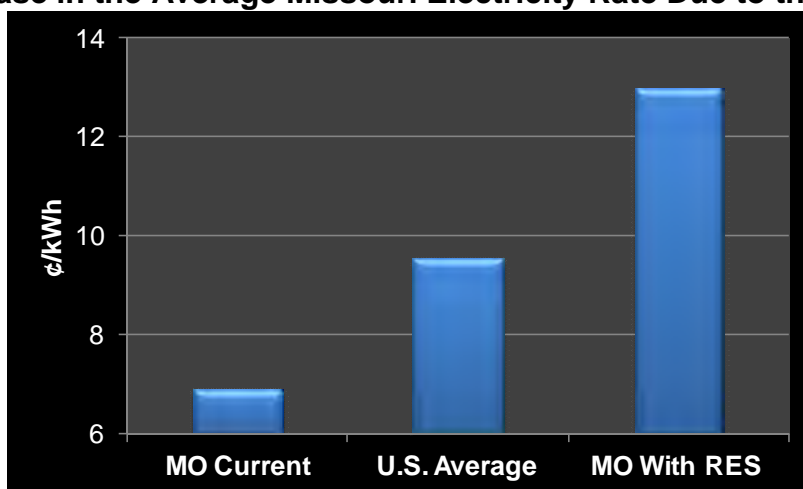
Renewable sources 1 through n are those specified in the RES: Wind, solar, biomass, etc.

Basically, Missouri electricity rates will increase because the lowest cost electricity generation source – coal – is being displaced by electricity generation sources with much higher costs – renewables. That is, existing coal generation, which generates electricity at about 4¢/kWh will, under the RES, be replaced by renewable energy generation sources that are orders of magnitude more expensive (see Figure III-2. The inevitable result will be, of necessity, very large increases in Missouri electricity rates for all ratepayers.

To derive an estimate of the magnitude of the rate increase when the RES would be fully implemented by 2026, we assumed that most of the mandated 25 percent renewable generation would be from wind and that much smaller shares would be derived from solar, biomass and the other renewable sources.

The precise magnitude of the rate increase depends on the detailed distribution of the renewable generation among the different renewable energy sources. Nevertheless, given the huge disparity in generation costs between coal and all of the renewable sources, our estimates indicate that a 25 percent shift in generation by 2026 from coal to renewables would increase the average Missouri electricity rate by about 80 – 90 percent. That is, the net effect of implementing the RES would be to nearly double Missouri electricity costs and rates, and Missouri would change from having average electric rates that are 30 percent less than the U.S. average to rates that are 40 percent higher than the U.S. average – Figure IV-2.

Figure IV-2
Increase in the Average Missouri Electricity Rate Due to the RES



Source: U.S. Energy Information Administration and Management Information Services, Inc.

Even this cost estimate may be conservative and optimistic, since experience has shown that actual renewable energy costs are often significantly underestimated. For example:

- A recent study found that Ontario, Canada, ratepayers could end up paying some of the highest costs for electricity in the developing world because providing wind and solar energy will cost about 40 per cent more than the government estimated.²⁵
- A study for Massachusetts found that the state's major green energy mandates, programs, and incentives will cost ratepayers

²⁵Maria Babbage, "Cost of Green Energy 40% Higher Than Government Estimates, Study Says," *Toronto Star*, October 17, 2011.

\$10 billion over the next decade – much more than the state government originally estimated.²⁶

- An investigation by *The Oregonian* found that Oregon state officials deliberately underestimated the cost of renewable energy programs and subsidies, with the result that they are 40 times more expensive than lawmakers were told – at the same time that voters were being asked to raise income taxes because the state budget did not have enough to pay for schools and other programs.²⁷
- The cost of building transmission in Texas to bring wind power to load centers has already escalated nearly 40 percent, to \$6.8 billion, from the initial estimate and “construction costs continue on an upwards spiral.”²⁸
- The city of Durango, Colorado powered its government buildings for two years by purchasing electricity from nearby wind farms, but found that it could no longer afford producing wind power and saved the city \$45,000 by reverting back to coal-fired electricity. According to the city manager, “It’s very hard for us to lay off an employee to justify green power. Those are the trade-offs you have to face.”²⁹

²⁶Paul Bachman, Benjamin Powell, David Tuerck, and Rick Weber, *The High Cost of Green Energy Programs in Massachusetts*, The Beacon Hill Institute at Suffolk University, Boston, Massachusetts, October 2010.

²⁷Harry Esteve, “Oregon ‘Green’ Tax Breaks Cost More Than Predicted,” *The Oregonian*, November 2, 2009.

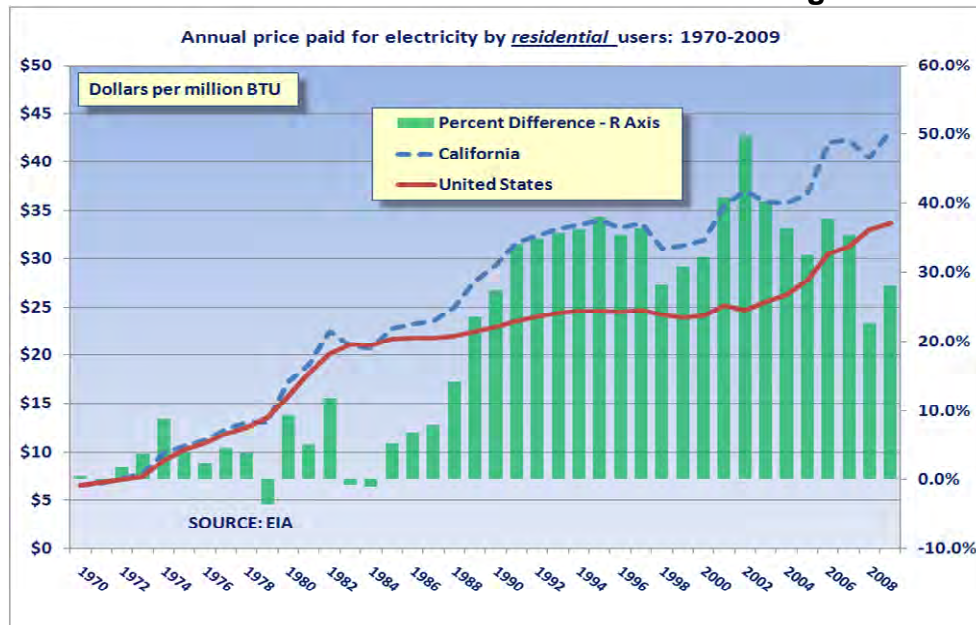
²⁸Richard A. Kessler, Texas Transmission Buildout to Cost 38% Over First Estimate, www.rechargenews.com/energy/wind, August 27, 2011.

²⁹Alan Gomez, “Going Green Can Cost Too Much Green,” *USA Today*, May 4, 2009, and Associated Press, “Durango Goes to Windmills,” *Denver Post*, April 13, 2007.

V. LESSONS FOR MISSOURI OF THE CALIFORNIA EXPERIENCE

The relative magnitude of the impact of the RES that we estimate is corroborated by the California experience over the past three decades. In brief, since the late 1970s, California has followed energy and environmental policies that have resulted in electricity prices rising higher and more rapidly than the national average – see Figures V-1, V-2, and V-3.³⁰ The result is that, at present, California's electricity rates are much higher than the national average and than those of surrounding states – Figure V-4.³¹ California uses little coal to generate electricity, and there is a strong correlation between a state's use of coal and its electricity rates – Figure V-5.

Figure V-1
California Residential Electricity Rates Have Increased Much Faster Than the U.S. Average



³⁰U.S. Energy Information Administration, "Average Price of Electricity by State, 1990 – 2010," April 2011.

³¹U.S. Energy Information Administration, "Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State," *Electric Power Monthly*, 2011.

Figure V-2
California Industrial Electricity Rates Have
Increased Much Faster Than the U.S. Average

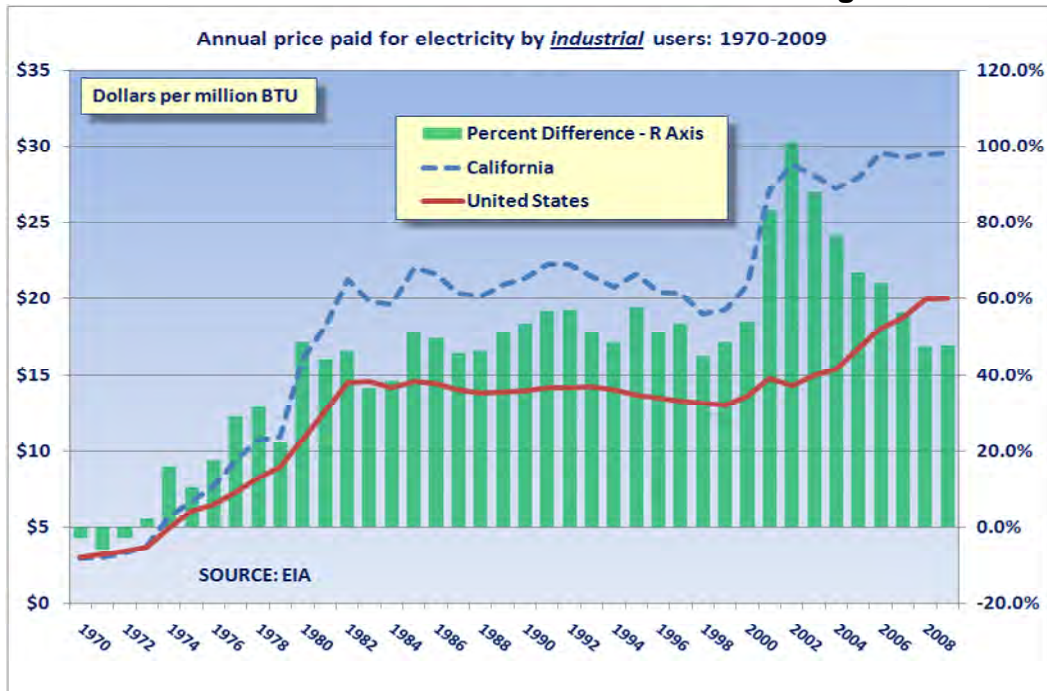


Figure V-3
California Commercial Electricity Rates Have
Increased Much Faster Than the U.S. Average

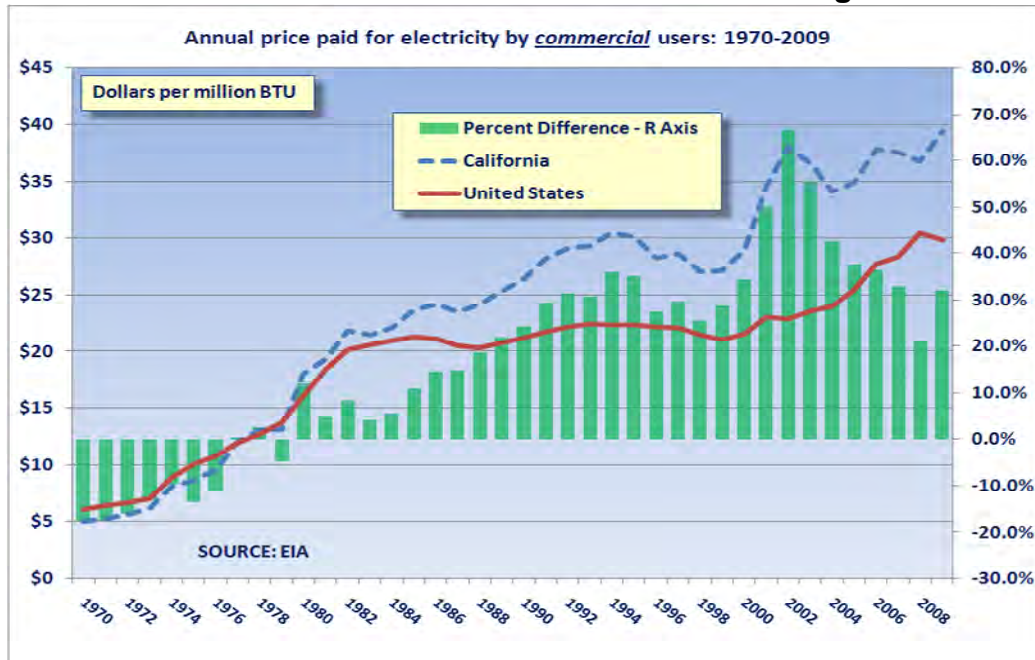
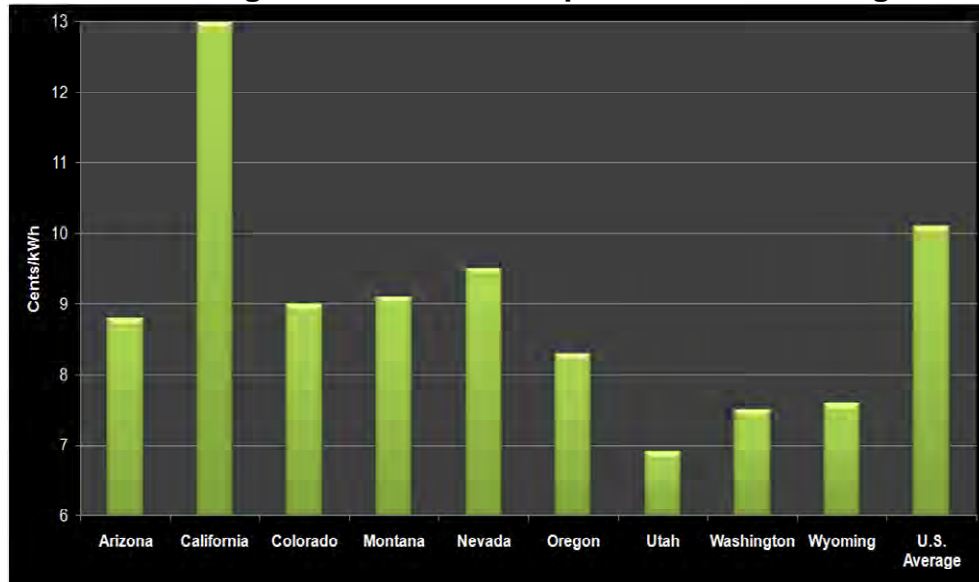
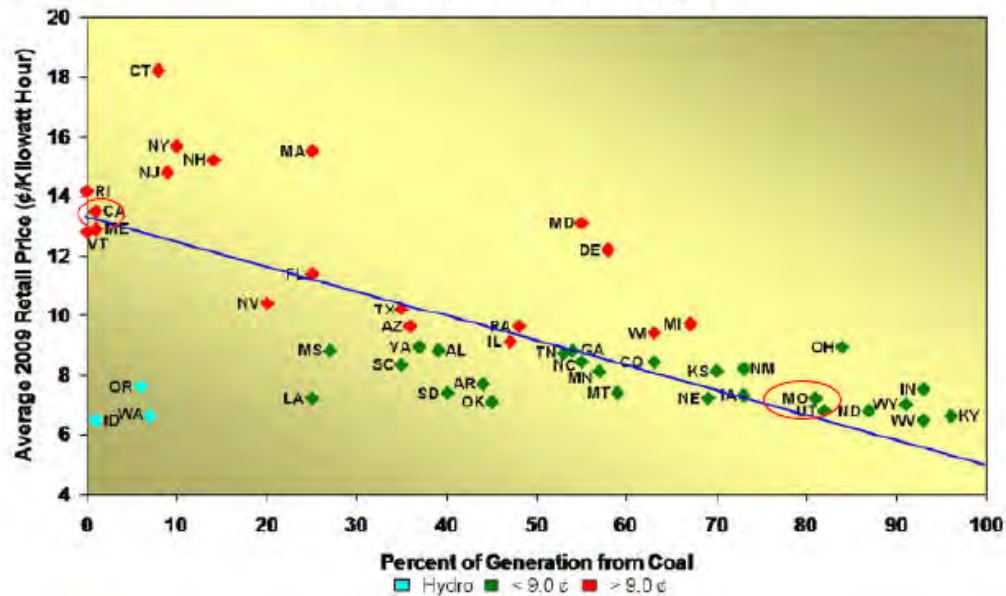


Figure V-4
California Average Electric Rate Compared to Surrounding States



Source: U.S. Energy Information Administration.

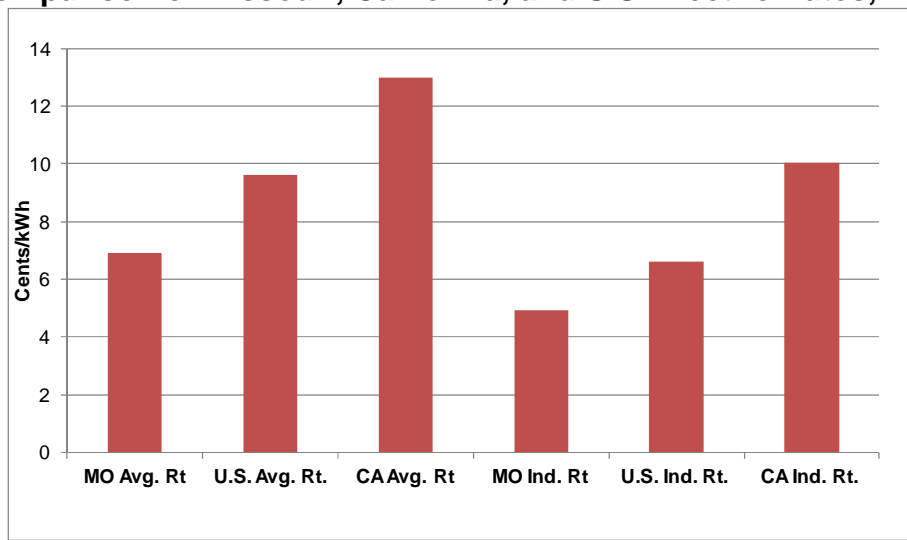
Figure V-5
**Relationship Between Coal Generation
 & Electricity Prices by State**



Source: U.S. Energy Information Administration.

The implications for Missouri are evident in Figure V-6, which shows current California, Missouri, and U.S. average electric rates. It is seen that California's electricity rate is nearly twice that of Missouri and is 40 percent higher than the U.S. average – and California's industrial electricity rates are 50 percent higher than the U.S. average and nearly twice as high industrial electricity rates in Missouri.³²

Figure V-6
Comparison of Missouri, California, and U.S. Electric Rates, 2010



Source: U.S. Energy Information Administration.

In California, the cumulative effects of misguided energy and environmental policies that have made electricity increasingly scarce and expensive have been devastating:

- As noted, California's electricity rates are much higher than the national average and are poised to increase even more in the near future due to renewables and environmental mandates³³
- Job losses have been severe and continuing, and California's unemployment rate exceeds the national average³⁴
- There is a continuing, and increasing, exodus of industry and jobs out of California to other states with lower electricity costs – including Missouri (Exhibits V-1 and V-2)³⁵

³²U.S. Energy Information Administration, "Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, Year-to-Date through May 2011 and 2010," 2011.

³³A law enacted in April 2011 requires the state to obtain 33% of its electricity from renewables by 2020.

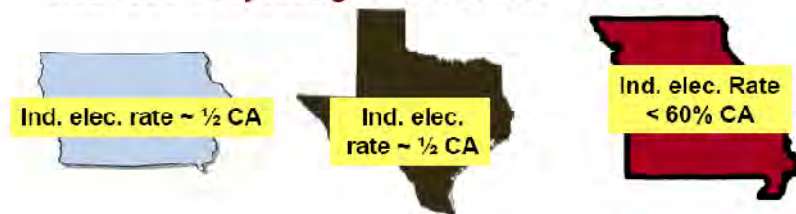
³⁴The current (September 2011) unemployment rate in California is 11.9%, compared to the U.S. of 9.1% and the Missouri rate of 8.7%. See U.S. Bureau of Labor Statistics, "Employment Situation Summary," October 2011; U.S. Bureau of Labor Statistics, "Unemployment Rates for States, October 2011.

³⁵See references cited in footnotes 9 and 10.

- California is currently experiencing the fastest rate ever recorded of companies leaving, including major firms such as Intel, eBay, McAfee, Toyota, DIRECTV, Northrop Grumman, Ryder, Unilever, Kaiser Aluminum, SAIC, Genentech, Hilton, and many others³⁶
- California is losing businesses at a 3:1 ratio, and energy costs are cited as a major reason³⁷
- Even Google and Facebook – poster children for Silicon Valley – are locating major facilities outside of California in states where electricity rates are lower³⁸
- California companies already pay 50 percent more for electricity than in other states and expect costs to increase much more.

Exhibit V-1 WHERE DO CALIFORNIA COMPANIES GO?

- Genentech to **Oregon**: Ind. elec. rate ~ 70% CA
- Adobe Systems to **Utah**: Ind. elec. rate ~ ½ CA
- Toyota to **Texas**: Ind. elec. rate ~ ½ CA
- Redbarn Pet Products to **Kansas**: Ind. elec. rate < 60% CA
- Unilever to **Missouri**: Ind. elec. rate < 60% CA
- First American Corp. to **Arizona**: Ind. elec. rate < 60% CA
- Amonix to **Nevada**: Ind. elec. rate ~ 70% CA
- DIRECTV to **Iowa**: Ind. elec. rate ~ ½ CA
- InsulTech to **Wyoming**: Ind. elec. rate ~ 60% CA



³⁶Seana Smith, "Companies Bid Farewell to California, FoxBusiness.com, October 20, 2010; Seiler, op. cit.; Jan Norman, "List Names 100 Companies Leaving California," *Orange County Register*, February 24, 2010; John Fund, "California Dreamin' -- of Jobs in Texas," *Wall Street Journal*, April 22, 2011; Jan Norman, "State Lost 47,000 employers in 2008," *Orange County Register*, December 12, 2009; Joseph Vranich, "California Business Departures Increasing -- Now Five Times Higher Than In 2009," Thebusinessrelocationcoach.com, June 20, 2011; Abbas P. Grammy, "Business Leaving California," www.csub.edu, March 21, 2011; Katherine Tam, "Even 'Green' Businesses Leaving California," *Contra Costa Times*, June 5, 2010; "Understanding California's Electricity Prices," op. cit.; Jan Norman, "69 More Firms Move Jobs, Facilities Out of California," op. cit.

³⁷Joseph Vranich, "Record in 2010 for Calif. Companies Departing or Diverting Capital: 204 Four Times Last Year's Level," The Business Relocation Coach, January 26, 2011;

³⁸Antone Gonsalves, "Facebook Breaks Ground on Oregon Data Center," *InformationWeek*, January 22, 2010; "Coal Fired Power in Oregon," portlandwiki.org, June 28, 2011; "Welcome to Googleville: America's Newest Information Superhighway Begins on Oregon's Silicon Prairie," *Willamette Week Newspaper*, July 17, 2010; "Google Picks N.C. for \$600 Million Data Center, up to 210 Jobs," *WRAL Tech Wire*, January 19, 2007; Patrick Thibodeau, "Apple, Google, Facebook Turn N.C. Into Data Center Hub," *Computerworld*, June 3, 2011; Rich Miller, "It's Official: Facebook is Oregon's Company X," *Data Center Knowledge*, January 21, 2010.

Exhibit V-2 CALIFORNIA JOB EXODUS

Examples of job relocations out of CA:

- **Intel:** 1,000 high-tech factory jobs to Oregon
- **Adobe Systems:** ~ 300 high tech jobs to Utah
- **Toyota:** 4,700 factory jobs to Texas & Canada
- **Abraxis Health:** 200 jobs to Arizona
- **LegalZoom.com Inc.:** 600 jobs to Texas
- **Northrop Grumman:** 300 jobs to Virginia
- **Redbarn Pet Products:** 200 jobs to Arkansas
- **Structured Solutions Inc.:** 200 jobs to Nebraska
- **Amonix Inc.:** 300 jobs to Nevada
- **Ditech:** 300 jobs to Pennsylvania
- **Edwards Lifesciences:** 1,000 high-tech jobs to Utah
- **Genentech:** 200 high-tech jobs to Oregon
- **Facebook:** 200 jobs to Texas
- **Rockwell Collins:** 600 jobs to Oregon & Iowa



And, with respect to California electricity, the worst is to yet to come.³⁹

- California electric rates will increase further due to state's energy and environmental legislation
- The California Public Utilities Commission forecasts that electric rates will increase five to seven percent annually through 2020
- The California Global Warming Solutions Act requires GHG caps starting in 2012
- California has mandated a 33 percent renewable portfolio standard by 2020
- California natural gas prices are projected to double by 2020

The California Manufacturers and Technology Association notes that California commercial electric rates are already 50 percent higher than in the rest of U.S. However, a law enacted April 12, 2011 requires utilities to obtain 1/3 of their power from renewable sources within nine years. Thus "The stage is set for California to lose additional companies and jobs in the future because the business environment

³⁹Robert Peltier, "Turning Gold into Lead," *POWER Magazine*, June 1, 2011; "Understanding California's Electricity Prices," Bloomenergy, April 2011; "Business Leaving California in Record Numbers – a Message to CARB on AB 32 Implementation From SCLC," Southern California Leadership Council, October 28, 2010; Sanjay B. Varshney and, Dennis H. Tootelian, "Cost of AB 32 on California Small Businesses," report prepared for the California Small Business Roundtable by Varshney & Associates, June 2009.

worsened when Governor Brown signed law requiring utilities to obtain 1/3 of California electricity from renewable sources.⁴⁰ Such new burdens set potentially overwhelming obstacles to California companies as they try to meet competition based in other states and in foreign nations.”⁴¹

⁴⁰Daniel B. Wood, “Renewable Energy: Will New Law Help or Hurt California Economy? *Christian Science Monitor*, April 13, 2011.

⁴¹John Seiler, “California Business Exodus Accelerates,” CalWatchDog, April 14, 2011; Jan Norman, “69 More Firms Move Jobs, Facilities Out of California,” *Orange County Register*, April 15, 2011; “CA State Governor Signs Legislation Making State’s Renewable Energy Mandate Most Stringent in Nation,” *JD Journal*, April 13, 2011.

VI. ECONOMIC IMPACTS IN MISSOURI

VI.A. Electricity Price Impacts

Electricity price increases act like a tax increase, reducing incomes of energy consumers and ratepayers.⁴² The supply-side impacts from price increases depress business development and economic output, and there will be adverse affects on the Missouri economy and jobs:

- First, businesses in Missouri will face increased competitive disadvantages
- Second, some businesses in Missouri will leave the state
- Third, new businesses will not locate in Missouri
- Fourth, electric customers will have less money to spend

Even worse, it is a tax increase for which people receive no benefit: No road or infrastructure improvements are made, no schools are built, no police or firefighters are hired, etc.

It is worth noting that Missouri, like many other states, has been a beneficiary of the massive company and job exodus from California. As noted, California's commercial electricity rates are nearly twice those of Missouri's, while California's industrial electricity rates are more than twice those of Missouri's. It is thus not surprising that some of the companies leaving California are relocating to Missouri; for example:

- Consumer goods giant Unilever closed its personal care manufacturing facility in Industry, California, and transferred production to Unilever's manufacturing facilities in Jefferson City, Missouri. The production involves some of the company's most iconic personal care brands, including Axe, Suave, and Dove, which are supplied throughout the North American market.
- Soy Labs LLC closed its facilities in Fairfield, California, and relocated to the Plant Science Center in Mexico, Missouri. Soy Labs conducts cutting-edge research and develops manufacturing processes for ingredients and finished products for nutraceuticals, functional foods, and plant biotechnology industries.
- Most recently, and perhaps most ironically, Nordic Windpower USA, a wind turbine manufacturer based in Berkeley, California, is relocating to Kansas City, Missouri. The move – by a “green” company away from Berkeley, one of the purportedly “greenest” communities in the U.S. -- will involve a capital investment of \$16

⁴²See Roger H. Bezdek, “Long Term Prospects For Fossil Fuels: Challenges and Uncertainties,” Keynote presented at the 2011 American Association of Petroleum Geologists Meeting, Oklahoma City, Oklahoma, October 2010.

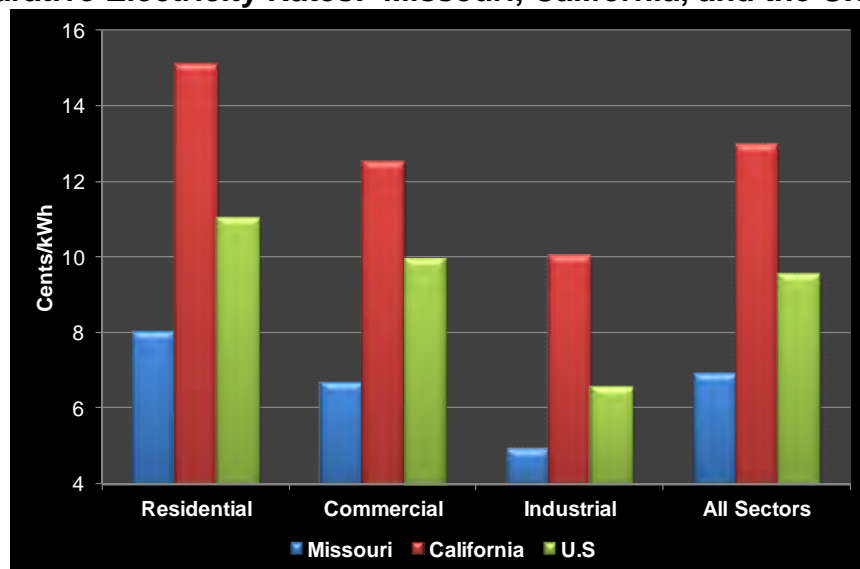
million and the creation of more than 200 local jobs over the next six years.

It is important to realize that, if Missouri's electricity rates increase significantly, relocation of companies from California (or elsewhere) to Missouri to take advantage of lower electricity costs will cease. Missouri will thus forfeit a key competitive advantage it currently possesses.

California's experience corroborates the estimates derived in Section IV of the likely impact in Missouri of enacting the RES. As shown in Figure VI-1, California electricity rates are much higher than those in Missouri and the U.S. averages. In 2010:

- California's residential electricity rate was 15.09¢/kWh, compared to 8.02¢/kWh in Missouri and a U.S. average of 11.02¢/kWh
- California's commercial electricity rate was 12.54¢/kWh, compared to 6.67¢/kWh in Missouri and a U.S. average of 9.97¢/kWh
- California's industrial electricity rate was 10.02¢/kWh, compared to 4.92¢/kWh in Missouri and a U.S. average of 6.57¢/kWh
- California's average electricity rate for all sectors was 12.96¢/kWh, compared to 6.90¢/kWh in Missouri and a U.S. average of 9.55¢/kWh

Figure VI-1
Comparative Electricity Rates: Missouri, California, and the U.S., 2010

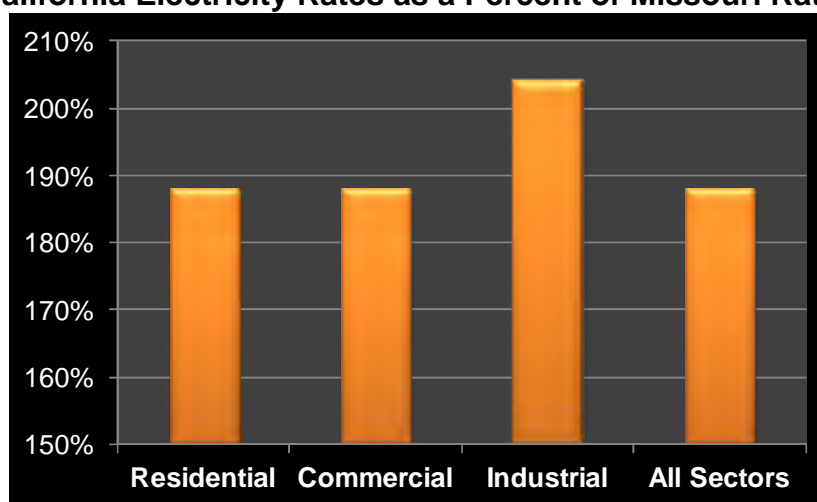


Source: U.S. Energy Information Administration.

As shown in Figure VI-2, California electricity rates are nearly twice as high as those in Missouri. In 2010:

- California residential and commercial electricity rates were 88% higher than those in Missouri
- The California industrial electricity rate was 104% higher than that in Missouri
- The California average electricity rate for all sectors was 88% higher than that in Missouri

Figure VI-2
California Electricity Rates as a Percent of Missouri Rates



Source: U.S. Energy Information Administration.

This tends to confirm the estimates derived here that enactment of the proposed RES in Missouri will increase the state's electricity rates to levels where they approach those currently existing in California. As estimated, Missouri's electricity rates would nearly double.

VI.B. Economic Effects of Energy Prices

Energy and energy prices – specifically electricity and electricity prices -- matter to the economy and, in general, more abundant, efficient, and less expensive electricity is desirable and preferred and provides significant economic and jobs benefits.⁴³ Electricity is a mainstay of the U.S. economy and a critical factor of production, so this is straightforward and noncontroversial.⁴⁴

⁴³See the discussion in Roger Bezdek, Robert Wendling, and Robert Hirsch, *The Impending World Energy Mess*, Toronto, Canada: Apogee Prime Press, 2010.

⁴⁴Management Information Services, Inc., *Literature Review of Employment Impact Studies of Power Generation Technologies*, DOE/NETL-2009/1381, September 14, 2009.

To quantify the relationship between electricity prices and the economy, we utilized the elasticity of GDP with respect to electricity prices. Extensive review of the literature indicates that a reasonable long run value for this elasticity is about -0.10 – see the Appendix. This indicates that a ten percent increase in electricity prices will result in a decrease in GDP (or GSP) of one percent. A value of -0.10 is credible and defensible and has been used in rigorous studies of the impact of energy and electricity on the economy.⁴⁵ In fact, it is a conservative estimate.⁴⁶

There is a quantifiable relationship between economic activity and jobs – between the level of GDP/GSP and jobs. Basically, GDP and jobs are closely, positively correlated.⁴⁷

The effects on other Missouri economic parameters (tax revenues, manufacturing output, etc.) are estimated on the basis of the GSP impacts. Impacts on jobs and unemployment rates were estimated using Missouri employment data; impacts on tax revenues were estimated using Missouri tax and tax rate data; impacts on specific population groups (low-income, elderly, minorities) can be estimated using Missouri demographic and income data; and so forth.⁴⁸

The salient point is that existing coal plants produce inexpensive electricity and replacing them with much higher cost renewable facilities will, inevitably, cause electricity costs and rates to increase significantly.⁴⁹ On the basis of the estimated derived in Section III, as corroborated by the experience in California, by the time the full RES mandate goes into effect in 15 years, it is likely that average electric rates in

⁴⁵See the Appendix.

⁴⁶Clearly, the higher the value used for the elasticity estimate the larger impact that changes in electricity prices will have, and vice-versa. However, using values significantly higher than -0.10 runs the risk of overestimating the impact of electricity prices on the economy, while using values significantly lower than -0.10 runs the risk of underestimating the impact of electricity prices on the economy.

⁴⁷This is relatively noncontroversial. We assume that the relationship is linear, but changes over time as productivity increases: Increasing the number of jobs created per billion dollars of GDP of GSP implies slower productivity growth, while decreasing the number of jobs created per billion dollar of GDP implies more rapid productivity growth. See Management Information Services, Inc., *Optimizing the Relationship Between Energy Productivity/Costs and Jobs Creation*, report prepared for the U.S. Department of Energy, National Energy Technology Laboratory, DOE/NETL-402/110209, November 2009; Management Information Services, Inc., *GDP Impacts of Energy Costs*, report prepared for the U.S. Department of Energy, National Energy Technology Laboratory, DOE/NETL- DOE/NETL- 402/083109, October, 2009.

⁴⁸For example, GSP data are obtained from the U.S. Bureau of Economic Analysis; demographic data are obtained from the U.S. Census Bureau; jobs, employment, labor force, and unemployment data are obtained from the U.S. Bureau of Labor Statistics; data on state, local, city, and municipal budgets, tax revenues, and tax burdens are obtained from the U.S. Department of the Treasury, the Federal Reserve Board, and the U.S. Census Bureau; data on the energy burdens of specific population groups (low-income, elderly, minorities) are obtained from the U.S. Department of Health and Human Services, the U.S. Energy Information Administration, and the U.S. Census Bureau; energy data are obtained from the U.S. Energy Information Administration.

⁴⁹All indications are that new builds will generate LCOEs that could be orders of magnitude higher than LCOEs from existing coal plants.

Missouri will be nearly 90% higher than they would be in the absence of the mandate. Thus, for example, for ratepayers in the St. Louis area:⁵⁰

- Average monthly residential bills could increase from about \$70 per month to over \$130 per month – an increase of more than \$600 per year
- Average monthly commercial bills could increase from about \$25,000 per month to nearly \$48,000 per month – an increase of over \$275,000 per year
- Average monthly industrial bills could increase from about \$1.6 million per month to over \$3.25 million per month – an increase of nearly \$20 million per year

Overall, as illustrated in Figures VI-3 and VI-4, the impact on the Missouri economy would be devastating:

- Missouri would change from having electric rates that are 30 percent lower than the U.S. average to having rates that are nearly 50 percent higher than the U.S. average
- Missouri gross state product (GSP) would be reduced by \$21 billion annually
- Nearly 200,000 annual FTE jobs would be lost⁵¹
- The jobs losses resulting from the would be more than 12 times as large as total 2010 Missouri job losses
- The Missouri unemployment rate could increase by more than 75 percent⁵²
- Annual Missouri manufacturing output could be reduced by over \$1 billion⁵³

⁵⁰These estimates are based on data from the St. Louis Regional Chamber and Growth Association "2010 Utility Bill Comparisons for Selected U.S. Cities: Electricity, Natural Gas, Water and Wastewater," 2011. Other data indicate that St. Louis average electric bills are significantly higher. For example, the City of St. Louis estimated that the average household electric bill in the city is about \$125 – see Missouri State Auditor's Office, "Initiative Petition From Henry Robertson Regarding a Proposed Amendment to Chapter 393 of the Missouri Revised Statutes," Fiscal Note (08-12), February 11, 2008. If this is accurate, then the impact of the RES mandate would be to increase the average household electric bill by about \$700 per year.

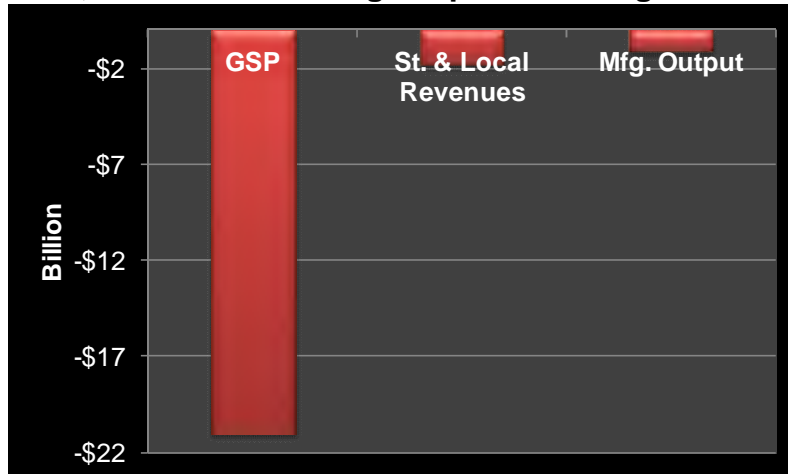
⁵¹An FTE (full time equivalent) job is defined as 2,080 hours worked in a year's time, and adjusts for part time and seasonal employment and for labor turnover. Thus, for example, two workers each working six months of the year would be counted as one FTE job.

⁵²Based on the actual 2011 unemployment rate in the state.

⁵³Manufacturing is especially vulnerable to electricity price increases, and the negative impacts on this sector are higher than average. See, for example, T. Hewson, and J. Stamberg, *At What Cost? Manufacturing Employment Impacts from Higher Electricity Prices*, Energy Ventures Analysis, Arlington, Virginia, 1996; Matthew E. Kahn and Erin T. Mansur, *How Do Energy Prices, and Labor and Environmental Regulations Affect Local Manufacturing Employment Dynamics? A Regression Discontinuity Approach*, Energy Institute at Haas and Haas School of Business, University of California, Berkeley, November 2010; Peter C. Balash, *Natural Gas and Electricity Costs and Impacts on Industry*, U.S. Department of Energy, National Energy Technology Laboratory, DOE/NETL-2008/1320, April 28,

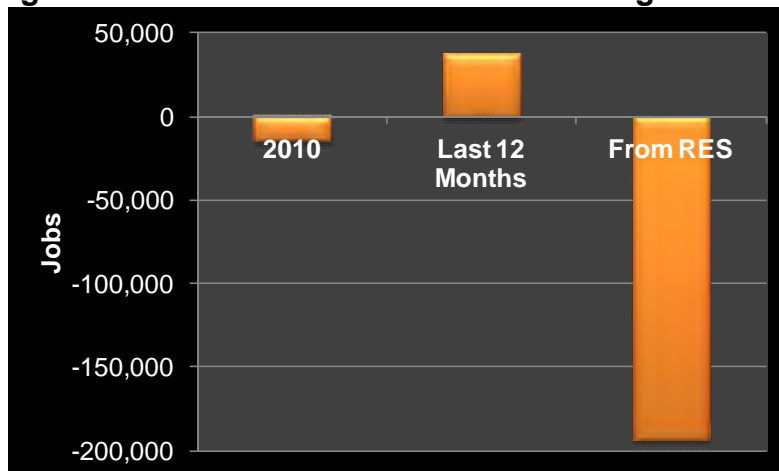
- Annual Missouri state and local government tax revenues could be reduced by nearly \$2 billion

Figure VI-3
Annual Dollar Losses in Missouri GSP, State, and Local Government Revenues, and Manufacturing Output Resulting From the RES



Source: U.S. Bureau of Economic Analysis and Management Information Services, Inc.

Figure VI-4
Magnitude of Missouri Job Losses Resulting From RES



Source: U.S. Bureau of Labor Statistics and Management Information Services, Inc.

2008; Joel R. Hamilton and M. Henry Robison, "Economic Impacts from Rate Increases to Non-DSI Federal Power Customers Resulting from Concessional Rates to the DSIs," Submitted to the Public Power Council, Portland, Oregon, May 31, 2006. This has been the experience in California; see Wood, op. cit. Also note that California industrial electricity rates are more than twice those in Missouri.

The impact on Missouri small businesses will be especially severe:

- These businesses are especially vulnerable to energy costs
- The RES will result in a “tax” on small businesses

The writing is on the wall (see California), and enactment in Missouri of the RES initiative will harm the state, harm industry, destroy jobs, harm state and local governments, and negatively impact those who can least afford it: Low income persons and the elderly living on modest fixed incomes. In Missouri, the electricity rate increases resulting from the RES will harm low income groups, the elderly, minorities, and those living on fixed incomes:

- They must allocate larger shares of their budgets for energy
- Rising energy costs have a serious negative effect on them

The energy burdens of low-income households are much higher than those of higher-income families, and energy burden is a function of income and energy expenditures.⁵⁴ Since residential energy expenditures increase more slowly than income, lower income households have higher energy burdens. High burden households are those with the lowest incomes and highest energy expenditures.

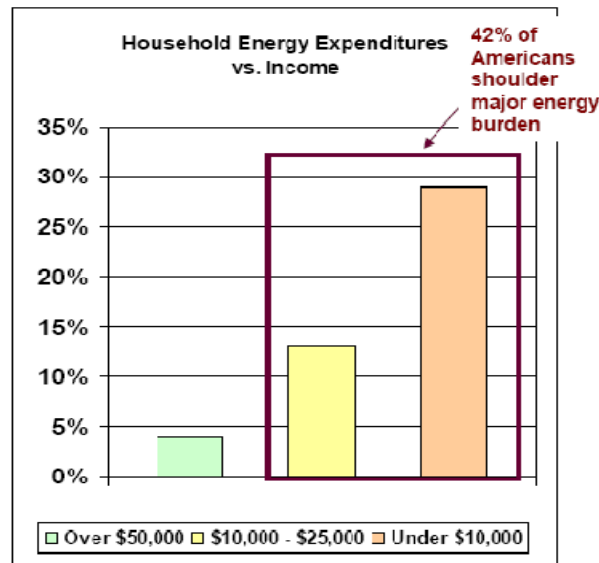
As shown in Figure VI-5:

- Families earning more than \$50,000 per year spent only four percent of their income to cover energy-related expenses.
- Families earning between \$10,000 and \$25,000 per year (29 percent of the U.S. population) spent 13 percent of income on energy.
- Those earning less than \$10,000 per year (13 percent of population) spent 29 percent of income on energy costs.

Thus, for 42 percent of households – mostly senior citizens, single parents, and minorities – increased energy costs force hard decisions about what bills to pay: Housing, food, education, health care, and other necessities.

⁵⁴The “energy burden” is defined as the percentage of gross annual household income that is used to pay annual residential energy bills. It is a widely used and accepted term and is officially defined in the *Code of Federal Regulations* and in numerous federal and state documents. Energy burden is an important statistic widely used by policy-makers in assessing the need for energy assistance and can be defined broadly as the burden placed on household incomes by the cost of energy, or more simply, the ratio of energy expenditures to household income. The CFR defines the residential energy burden as residential expenditures divided by the annual income of that household. See 10 CFR 440.3 - Definitions. - *Code of Federal Regulations* - Title 10: Energy - PART 440. Also see U.S. Department of Energy, *Buildings Data Energy Book*, 2.9.2., “Energy Burden Definitions,” March 2011.

Figure VI-5



Source: American Association of Blacks in Energy.

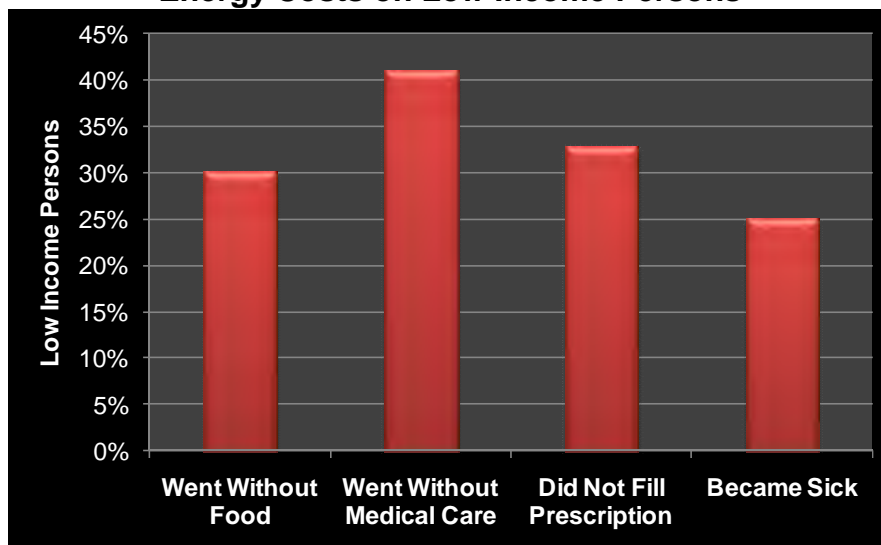
Cost increases for any basic necessity are regressive in nature, since expenditures for essentials such as energy consume larger shares of the budgets of low-income families than they do for those of higher-income families. Whereas higher-income families may be able to trade off luxury goods in order to afford the higher cost of consuming a necessity such as energy, low-income families will always be forced to trade off other necessities to afford the higher-cost good. Low-income households are often on a fixed income, and households at the lowest income level are often on a fixed income from Social Security, disability, or retirement. When energy prices escalate, their incomes do not keep pace, and they have little flexibility in their budgets to address increases in energy costs. When families with income constraints are faced with rising costs of essential energy, they are increasingly forced to choose between paying for that energy use and other necessities (also often energy-sensitive) such as food, housing, or health care. Because all of these expenditures are necessities, families who must make such choices face sharply diminished standards of living.⁵⁵

⁵⁵For example, see the discussion in Joy Moses, *Generating Heat Around the Goal of Making Home Energy Affordable to Low Income Americans: Current Challenges and Proposed Solutions*, Center for American Progress, Washington, D.C., December 2008.

VII. HEALTH IMPACTS

As discussed, a major impact of the RES will be to significantly increase Missouri electricity costs and rates. This will make electricity more expensive and less affordable, especially to those with limited incomes, and being unable to afford energy bills can be harmful to one's health – as illustrated in Figure VII-1. Many people are forced to purchase less medicine when their utility bills increase. Other health hazards can occur if inside temperatures are too low or too high as a result of shut-offs or efforts to lower bills by reducing the use of heating and cooling equipment. Surveys have found that nearly one-third of households with incomes at or below 150 percent of poverty kept their homes at a temperature that was unsafe or unhealthy at some point during the year. Similarly, so also did 24 percent of those between 151 percent and 250 percent of poverty.⁵⁶

Figure VII-1
Potential Health Impacts of Increased
Energy Costs on Low Income Persons



Source: National Energy Assistance Directors' Association.

Temperature extremes can be damaging to vulnerable populations, including the elderly, the disabled, and small children. These groups are particularly susceptible to hypothermia (cold stress or low body temperatures) and hyperthermia (heat stress or high body temperatures), conditions that can cause illness or death.⁵⁷ Young children are particularly at risk from extreme temperatures because their small size makes it

⁵⁶Energy Programs Consortium and National Energy Assistance Directors' Association, "2008 Energy Costs Survey," June 2008.

⁵⁷U.S. Department of Health and Human Services, "Tips for Health and Safety," available at www.acf.hhs.gov/programs/ocs/liheap/consumer_info/health.html.

difficult for them to maintain body heat.⁵⁸ Small children in households that are struggling to afford energy costs are more likely to be in poor health, have a history of hospitalizations, be at risk for developmental problems, and be food insecure. Compared with families receiving energy assistance, families who are eligible for such benefits but not receiving them are more likely to have underweight babies and 32 percent more likely to have their children admitted to the hospital.⁵⁹

High energy burdens among older, low-and moderate-income households, expose them to the risks of going without adequate heating or cooling, frequently resulting in adverse health and safety outcomes, including premature death – Figure VII-1.⁶⁰ Unaffordable home energy undermines state and national priorities for seniors to age in place and avoid institutional care.⁶¹ Households at the lowest income level are often on a fixed income from Social Security, disability, or retirement. When energy prices escalate, their incomes do not keep pace, and they have little flexibility in their budgets to address increases in energy costs.⁶²

Further, the job losses and price increases resulting from the RES would reduce incomes as firms, households, and governments spend more of their budgets on electricity and less on other items, such as home goods and services. The loss of disposable income also reduces the amount families can spend on critical health care, especially among the poorest and least healthy.⁶³

More generally, a substantial body of literature has developed examining the potential impacts of energy and environmental regulations on GDP, energy prices, income, and employment. It has been estimated, for example, that initiatives requiring expanded use of high cost energy alternatives such as renewables would increase the cost of energy to the point that per-capita income and employment rates would decrease in a quantitatively predictable manner. Assuming these estimates to be approximately correct, and given the epidemiological findings on socioeconomic status and health, it follows that policies such as the RES would bring about a net increase in

⁵⁸Children's Sentinel Nutrition Assessment Program and Citizens Energy Corporation, "Fuel for Our Future: Impacts of Energy Insecurity on Children's Health, Nutrition, and Learning," September 2007.

⁵⁹Ibid.

⁶⁰The "energy burden" is defined as the percentage of gross annual household income that is used to pay annual residential energy bills.

⁶¹"Home Energy Costs: The New Threat to Independent Living for the Nation's Low-Income Elderly," *Journal of Poverty Law and Policy*, January-February 2008.

⁶²Ibid.

⁶³Randall Lutter and John F. Morrall. "Health-Health Analysis: A New Way to Evaluate Health and Safety Regulation", *Journal of Risk and Uncertainty*, 8(1), 43-66 (1994); Ralph L. Keeney, "Mortality Risks Induced by Economic Expenditures", *Risk Analysis* 10(1), 147-159 (1990); Krister Hjalte et al. (2003). "Health-health Analysis -- an Alternative Method For Economic Appraisal of Health Policy and Safety Regulation: Some Empirical Swedish Estimates," *Accident Analysis & Prevention* 35(1), 37-46; W. Kip Viscusi "Risk-Risk Analysis," *Journal of Risk and Uncertainty* 8(1), 5-17 (1994); see also Viscusi and Richard J. Zeckhauser, "The Fatality and Injury Costs of Expenditures", *Journal of Risk and Uncertainty* 8(1), 19-41 (1994).

population mortality.⁶⁴ Thus, a major impact of the RES, as compared to not implementing it, will be to increase Missouri mortality rates.

Socioeconomic-status findings demonstrate that changes in the economic status of individuals produce subsequent changes in the health and life spans of those individuals. Research shows that decreased real income per capita and increased unemployment have consequences that lead to increased mortality in U.S. and European populations. The research uses econometric analyses of time-series data to measure the relationship between changes in the economy and changes in health outcomes. Studies have found that declines in real income per capita and increases in unemployment lead to elevated mortality rates over a subsequent period of six years. For example, a study by the Joint Economic Committee of the U.S. Congress found that a one-percentage-point increase in the unemployment rate (e.g., from five percent to six percent) would lead to a two percent increase in the age-adjusted mortality rate.⁶⁵ The growth of real income per capita also shows a significant correlation to decreases in mortality rates (except for suicide and homicide), mental hospitalization, and property crimes.⁶⁶ The European Commission has supported similar research showing comparable results throughout the European Union.⁶⁷

EPA has acknowledged that "People's wealth and health status, as measured by mortality, morbidity, and other metrics, are positively correlated. Hence, those who bear a regulation's compliance costs may also suffer a decline in their health status, and if the costs are large enough, these increased risks might be greater than the direct risk-reduction benefits of the regulation."⁶⁸

In addition to EPA, the Office of Management and Budget, the Food and Drug Administration, and the Occupational Safety and Health Administration use similar methodology to assess the degree to which their regulations induce premature death amongst those who bear the costs of federal mandates.⁶⁹

Upward trends in real income per capita represented the most important factor in decreased U.S. mortality rates over the past half-century. Also, the unemployment rate continued to bear a significant correlation to increased mortality rates, such that an increase the unemployment rate eventuates in a statistically significant increase in the

⁶⁴Harvey Brenner, "Health Benefits of Low-Cost Energy: An Econometric Study," *Environmental Management*, November 2005, pp 28 – 33.

⁶⁵Harvey Brenner, *Estimating the Effects of Economic Change on National Health and Social Well-Being*; Joint Economic Committee, U.S. Congress: Washington, DC, 1984.

⁶⁶*Ibid.*

⁶⁷See Harvey Brenner, *Estimating the Social Cost of Unemployment and Employment Policies in the European Union and the United States*; European Commission Dir.-Gen. for Employment, Industrial Relations, and Social Affairs: Luxembourg, 2000; Harvey Brenner, *Unemployment and Public Health in Countries of the European Union*; European Commission Dir.-Gen. for Employment, Industrial Relations, and Social Affairs: Luxembourg, 2003.

⁶⁸U.S. Environmental Protection Agency, "On the Relevance of Risk Analysis to Policy Evaluation," August 16, 1995.

⁶⁹*Ibid.*

age-adjusted mortality rate, estimated cumulatively over at least the subsequent decade.⁷⁰

As discussed in section VI, implementation of the RES would cause an increase in the Missouri unemployment rate of about five percentage points. On the basis of the econometric and epidemiological research discussed above, we estimate that this would increase the Missouri mortality rate by approximately seven percent. Missouri deaths currently total about 55,000 annually.⁷¹ We thus estimate that a major impact of the RES would be to increase deaths in Missouri (compared to not implementing the RES) by about 3,900 per year – or 39,000 over a decade. Below, we put these estimates into perspective by comparing them to the annual deaths in Missouri caused by major diseases.

The RES (compared to not implementing it) will increase the number of deaths in Missouri by about 3,900 per year. The relative magnitude of this increase is illustrated in Figure VII-2, which compares the annual deaths in Missouri resulting from the RES with the annual lives lost in the state to some of the leading causes of death.⁷² This figure shows that implementation of the RES will have significant, negative impacts on Missouri mortality – impacts that are comparable to, or greater than, deaths caused by major diseases. For example, the number of annual deaths in Missouri attributable to the RES is:

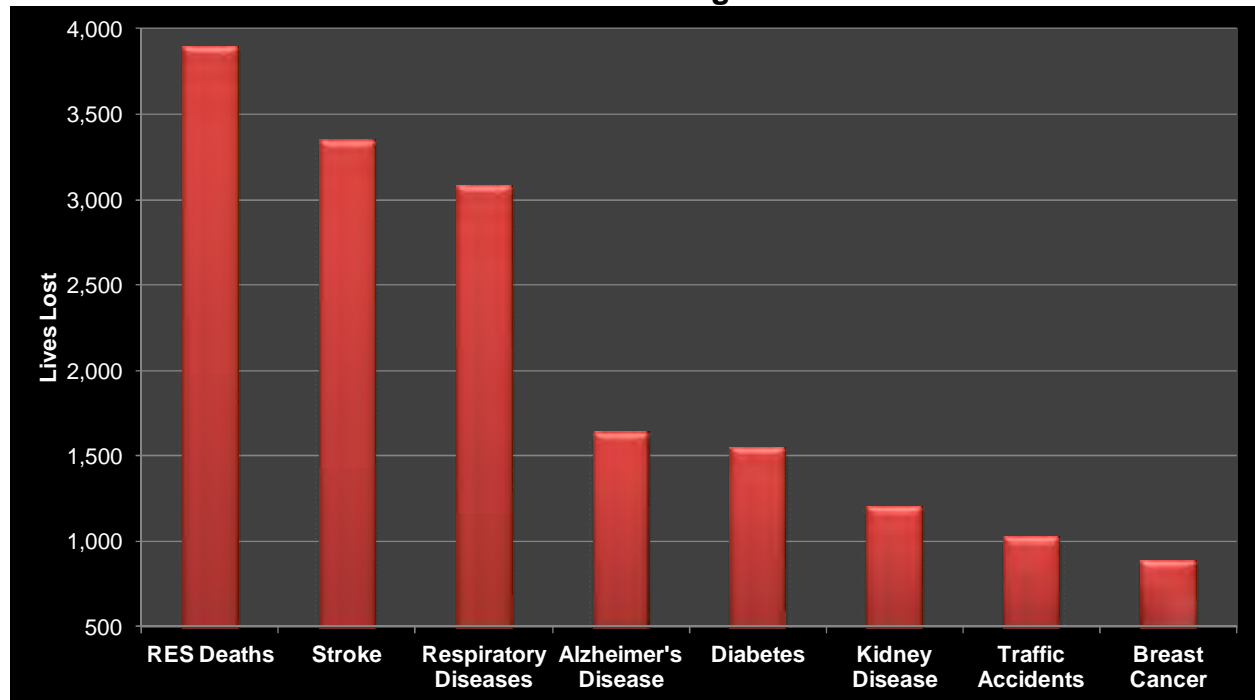
- Significantly larger than the number of deaths from Stroke or from Respiratory Diseases
- More than twice as many as the number of deaths from Alzheimer's Disease or from Diabetes
- More than three times as many deaths as from Kidney Disease
- Nearly four times as many deaths as from traffic accidents
- More than four times as many deaths as from Breast Cancer

⁷⁰"Health Benefits of Low-Cost Energy: An Econometric Study," op. cit.

⁷¹National Center for Health Statistics, 2011.

⁷²Mortality estimates in Missouri from leading causes of death were obtained from National Center for Health Statistics, *NCHS State Profiles 2009, 2010*.

Figure VII-2
Comparison of the Annual Lives Lost Due to the RES With the
Annual Lives Lost to Some of the Leading Causes of Death in Missouri



Source: National Center for Health Statistics and Management Information Services, Inc., 2011.

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APPENDIX: REVIEW OF ELASTICITY ESTIMATES IN THE LITERATURE

Numerous studies have developed estimates of the elasticity of GDP with respect to energy and electricity prices. Examples of these are summarized in Table A-1, and include the following:

- In 2010, Lee and Lee analyzed the demand for energy and electricity in OECD countries. They estimated that the elasticities range between -0.01 and -0.19.¹
- In 2010, Baumeister, Peersman, and Van Robays examined the economic consequences of oil shocks across a set of industrialized countries over time. They estimated that the elasticity was approximately -0.35.²
- In 2010, Brown and Hunnington employ a welfare-analytic approach to quantify the security externalities associated with increased oil use, which derive from the expected economic losses associated with potential disruptions in world oil supply. They estimated that the elasticity ranged between -0.01 and -0.08.³
- In 2009, Blumel, Espinoza, and Domper used Chilean data to estimate the long run impact of increased electricity and energy prices on the nation's economy.⁴ They estimated that the elasticity ranged between -0.085 and -0.16.
- In 2008, in a study of the potential economic effects of peak oil, Kerschner and Hubacek reported elasticities in the range of -0.17 to -0.03 – although they noted that sectoral impacts are more significant.⁵
- In 2008, Sparrow analyzed the impacts of coal utilization in Indiana, and estimated electricity elasticities in the range of about -0.3 for the state.⁶
- In 2007, in a study of energy price GDP relationships, Maeda reported a range of elasticity estimates between -0.03 to -0.075.⁷
- In 2007, in a study of the relationship between energy prices and the U.S. economy, Citigroup found that in the long run, protracted high energy prices can have an economic impact and reported elasticities in the range of -0.3 to -0.37 between 1995 and 2005.⁸
- In 2007, in a study of oil-price GDP elasticities, Lescaroux reported a range of elasticities between -0.1 and -0.6.⁹
- In 2006, in an analysis of the likely impacts of coal utilization for electricity generation on the economies of the 48 contiguous states in the year 2015, Rose and Wei estimated the electricity elasticity to be -0.1¹⁰ They also reported that more recent studies for the state of Georgia and the UK yield similar results.

Table A-1
Summary of Energy- and Electricity-GDP Elasticity Estimates

Year Analysis Published	Author	Elasticity Estimate
2010	Lee and Lee	-0.01 and -0.19
2010	Brown and Huntington	-0.01 to -0.08
2010	Baumeister, Peersman, and Robays	-0.35
2009	Blumel, Espinoza, and Domper	-0.085 to -0.16
2008	Kerschner and Hubacek	-0.03 to -0.17
2008	Sparrow	-0.3
2007	Maeda	-0.03 to -0.075
2007	Citigroup	-0.3 to -0.37
2007	Lescaroux	-0.1 to -0.6
2006	Rose and Wei	-0.1
2006	Oxford Economic Forecasting	-0.03 to -0.07
2006	Considine	-0.3
2006	Global Insight	-0.04
2004	IEA	-0.08 to -0.13
2002	Rose and Young	-0.14
2002	Klein and Kenny	-0.06 to -0.13
2001	Rose and Ranjan	-0.14
2001	Rose and Ranjan	-0.05 to -0.25
1999	Brown and Yucel	-0.05
1996	Hewson and Stamberg	-0.14
1996	Rotemberg and Woodford	-0.25
1996	Gardner and Joutz	-0.072
1996	Hooker	-0.07 to -0.29
1995	Lee and Ratti	-0.14
1995	Hewson and Stamberg	-0.5 and -0.7
1982	Anderson	-0.14
1981	Rasche and Tatom	-0.05 to -0.11

Source: Management Information Services, Inc., 2011.

- In 2006, in a study of energy price impacts in the UK, Oxford Economic Forecasting found elasticities to range between about -0.11 and -0.21.¹¹
- In 2006, in a study that analyzed the economic impacts from coal Btu energy conversion, Considine estimated an electricity elasticity of -0.3.¹²

- In 2006, in a study of the impact of energy price increases in the UK, Global Insight estimated the elasticity to be -0.04.¹³
- In 2004, IEA employed energy-economic model simulation to calculate how much the increase in oil prices reduces GDPs in several countries. It found that the elasticity estimates ranged between -0.08 to -0.13.¹⁴
- In 2002, in a study of the economic impact of coal utilization in the continental U.S. Rose and Yang estimated the GDP electricity price elasticity of at -0.14.¹⁵
- In 2002, Klein and Kenny analyzed the results of six studies of the impacts of energy prices on the U.S. economy conducted between 1997 and 2002 and reported electricity elasticity estimates that ranged between -0.6 and -1.3.¹⁶
- In 2001, Rose and Ramjan analyzed the impact of coal utilization in Wisconsin. They calculated a price differential between coal and natural gas in electricity production, and then estimated how much economic activity is attributable to this cost saving. They used an economy-wide elasticity of output with respect to energy prices, which they estimated to be -0.14.¹⁷
- In 2001, Rose and Ranjan surveyed recent studies of the impacts of energy prices on GDP and reported elasticities in the range of -0.5 to -0.25.¹⁸
- In 1999, Brown and Yucel surveyed a number of studies and reported an average elasticity of about -0.05.¹⁹
- In 1996, Rotemberg and Woodford analyzed the effects of energy price increases on economic activity and reported an elasticity of -0.25.²⁰
- In 1996, Gardner and Joutz analyzed the relationship between economic growth, energy prices, and technological innovation, found that the real price of energy is negatively related to output in the US, and estimated that the elasticity is -0.72.²¹
- In 1996, in a study of the impact of electricity prices on manufacturing, Hewson and Stamberg estimated an electricity elasticity of -0.14.²²
- In 1996, in studying postwar energy-GDP relationships, Hooker estimated that the elasticity ranges between -0.07 and -0.29.²³
- In 1995, in a study of macroeconomic oil shocks, Lee and Ratti estimated the elasticity to be -0.14.²⁴
- In 1995, in a study of the impact of NO_x control programs in 37 states, Hewson and Stamberg estimated electricity elasticities ranging between -0.5 and -0.7.²⁵
- In 1982, in a study of industrial location and electricity prices, Anderson estimated the elasticity to be -0.14.²⁶
- In 1981, Rasche and Tatom found that an energy price shock modifies the optimal usage of the existing stock of capital, modifying the optimal capital-labor ratio and generating an upward

shift on the aggregate supply curve and a decline in potential output. They estimated that the elasticity of output with respect to the real price of energy ranges between -0.05 and -0.11.²⁷

In addition, numerous studies have examined the relationship between energy prices and GDP and found strong causality; for example:

- In 2008, Chontanawat found that the causality relationship is stronger in developed countries rather than developing countries.²⁸
- In 2008, Bekhet and Yusop examined the long run relationship between oil prices, energy consumption, and macroeconomic performance in Malaysia over the period 1980-2005. Their findings indicated that there is a stable long-run relationship between oil prices, employment, economic growth, and the growth rate of energy consumption and also substantial short run interactions among them. The linkages and causal effects among prices, energy consumption and macroeconomic performance have important policy implications, and they found that the growth of energy consumption has significant impacts on employment growth.²⁹
- In 2006, Soytaş and Sari analyzed the causal relationship between energy consumption and GDP in G-7 countries and found that causality runs from energy consumption to GDP in these countries. They argued that energy conservation in some countries could negatively impact economic growth.³⁰
- In 2006, Chontanawat, Hunt, and Pierse tested for causality between energy and GDP using a consistent data set and methodology for 30 OECD and 78 non-OECD countries.³¹ They found that causality from aggregate energy consumption to GDP and GDP to energy consumption is found to be more prevalent in the developed OECD countries compared to the developing non-OECD countries. This implies that a policy to reduce energy consumption aimed at reducing GHG emissions is likely to have greater impact on the GDP of the developed rather than the developing world.
- In 1995, Finn found that in the U.S. the Solow residual tends to fall when energy price rises, implying a direct link between energy and production.³²
- In 1987, Erol and You found a causal relationship running from energy consumption to output in a large set of industrialized countries.³³

Other studies that came to similar conclusions include Al-Faris,³⁴ Al-Iriani,³⁵ Apergis, and Payne,³⁶ Burniaux and Jean Chateau,³⁷ Chien-Chiang and Jun-De Lee,³⁸ Coffman,³⁹ Cournède,⁴⁰ Davis and Haltiwanger,⁴¹ Gausden,⁴² Gronwald,⁴³ Harris,⁴⁴

Lee,⁴⁵ Manjulika and Koshal,⁴⁶ Narayan and Smyth,⁴⁷ Oligney,⁴⁸ Soytaş and Sari,⁴⁹ Stern,⁵⁰ Stern and Cleveland,⁵¹ and Wolde-Rufael.⁵²

Dahl has conducted extensive studies of NEMS elasticities and provided summaries of the elasticities within NEMS.⁵³ She noted that, since elasticities are a convenient way to summarize the responsiveness of demand to such things as own prices, cross prices, income, or other relevant variables, a substantial amount of resources have been devoted to estimating demand elasticities, at various levels of aggregation using a variety of models. Nevertheless, she found that considerable variation in the estimates at the aggregate and disaggregate levels remains.

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The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Cole County Public Works, Jackson County Legislators, St. Charles County, St. Louis County, the City of Kirksville, the City of Kirkwood, the City of St. Louis, the City of Springfield, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and the Public Service Commission.**

Fiscal Note Summary

Direct costs or savings to state and local governmental entities is minimal. However, if the proposal results in increased electric utility retail rates, millions of dollars in higher utility costs may occur for governmental entities. Higher utility costs may negatively impact the state's economy including state and local governmental revenues.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-94)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because additional action must be had – an election – this petition does not present any new revenue, loss of revenue, new costs, or savings to their city.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated they see no additional expenses. There could be grants to the Health Department for contracted services and those revenues

would be tied to specific expenditures. There might be less revenue from the city's current portion of the Cigarette Tax if, as a border city, consumers go over into Kansas to buy their smokes. There is no way to estimate the possible reduction.

Officials from the **City of St. Louis City** indicated the proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue to the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 10

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

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2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

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2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-95)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated this initiative petition would permit counties to set local tobacco taxes and does not apply to cities. There is no fiscal impact on the City of Kansas City.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition applies to counties.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 11

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of St. Louis, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-96)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because additional action must be had – an election – this petition does not present any new revenue, loss of revenue, new costs, or savings to their city.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated they see no additional expenses or revenues. The city has no plans to go for additional cigarette taxes in any case.

Officials from the **City of St. Louis City** indicated the proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue to the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 12

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/sum/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-97)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated this initiative petition would permit counties to set local tobacco taxes and does not apply to cities. There is no fiscal impact on the City of Kansas City.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition applies to counties.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 13

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of St. Louis, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-98)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated this initiative petition would permit counties to set local tobacco taxes and does not apply to cities. There is no fiscal impact on the City of Kansas City.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition leaves out mention of the General Assembly and only deals with counties.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 14

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town, village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fiscal/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of St. Louis, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, Linn State Technical College, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-99)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated this initiative petition would permit counties to set local tobacco taxes and does not apply to cities. There is no fiscal impact on the City of Kansas City.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition deals with counties.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 15

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/sum/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/sum/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

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2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=/bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=/bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=/bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=/bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of St. Louis, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-100)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because additional action must be had – an election – this petition does not present any new revenue, loss of revenue, new costs, or savings to their city.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated the initiative petition does not apply to the city.

Officials from the **City of St. Louis City** indicated the proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue to the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 16

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-101)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable. Unlike some other versions of this initiative petition, 11-101 would only pertain to St. Louis County and not to any city within the County, because there are no cities within St. Louis County having a population of 100,000 or greater.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because additional action must be had – an election – this petition does not present any new revenue, loss of revenue, new costs, or savings to their city.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated the initiative petition does not apply to the city.

Officials from the **City of St. Louis City** indicated the proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue to the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 17

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=/bills111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=/bills101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/bilintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-102)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because additional action must be had – an election – this petition does not present any new revenue, loss of revenue, new costs, or savings to their city.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated the initiative petition does not apply to the city.

Officials from the **City of St. Louis City** indicated the proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue to the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 18

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

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2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=/bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=/bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=/bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=/bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (11-103)**

Subject

Initiative petition from Mark Reading regarding a proposed constitutional amendment to Article X. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any local political subdivision adopting a cigarette tax pursuant to the terms of the proposal would be responsible for its enforcement. Based on that assumption, they assume any potential costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated there is no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated that they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education** indicated:

They assume this initiative will have no cost on the agency. The initiative appears to give local voters the right to set and control local tobacco taxes which they have not previously had the authority to control. Since all existing local tobacco taxes in place on the effective date of this initiative shall remain in effect, there appears to be a potential at the local level for increased revenue. Any impact would depend upon the actions of local voters and cannot be estimated.

Officials from the **Department of Higher Education** indicated the proposal contained in this initiative petition would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they do not receive local tobacco taxes to support department efforts. There should be no fiscal impact resulting from this petition.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there is no impact per each fiscal year for their department.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they assume this initiative, if approved by the voters, will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

The adoption of local tobacco taxes will not create any additional revenue for their department because the tax is collected and the use of the proceeds is controlled at the local level. The officials said the department currently receives money from the Health Initiatives Fund, which is funded by the existing tobacco tax under Subsection 149.015.8. If smoking consumption decreases as a result of an increase in tobacco taxes at the local level, there could be a decrease in the amount of funds available in the Health Initiatives Fund. However, any decrease in smoking consumption is purely speculative at this time. Unlike Initiative Petition 11-66, this initiative petition does not provide a mechanism to keep the Health Initiatives Fund whole if there would be a decrease in tobacco consumption.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office if any version is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there would be no fiscal impact to their office.

Officials from **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated this proposal has no impact on their office. This proposal has no direct impact on total state revenues, but may have an unknown indirect impact if statewide tobacco sales are reduced as a result of municipal actions.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain

amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated there will be no fiscal impact to their office.

Officials from **St. Louis County** indicated:

Because this proposed constitutional amendment only creates the right to set and control local tobacco taxes and does not specify any particular tax rate, the potential revenues are not calculable.

No savings are expected as a result of this proposal.

There would be no additional costs incurred as a result of this proposed constitutional amendment.

No losses are anticipated if this proposal was to pass.

Officials from the **City of Columbia** indicated as drafted, this does not appear to have a direct effect on their city. All versions appear to keep the city's current cigarette tax in effect.

Officials from the **City of Jefferson** indicated the city expects no fiscal impact if this petition becomes law.

Officials from the **City of Kansas City** indicated because additional action must be had – an election – this petition does not present any new revenue, loss of revenue, new costs, or savings to their city.

Officials from the **City of Raymore** indicated there would be no fiscal impact.

Officials from the **City of St. Joseph** indicated the initiative petition does not apply to the city.

Officials from the **City of St. Louis City** indicated the proposed proposition would allow for local elections to "set and control local tobacco taxes." This would provide a potential new source of revenue to the city. The proposition does not specify a rate and thus the potential impact cannot be quantified.

Officials from the **City of Wentzville** indicated this initiative petition could have a negative impact of \$50,000 annually on their general fund.

Officials from **Linn State Technical College** indicated that based on the information presented, there appears to be no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated this would have no direct fiscal impact on their college.

Mark Reading provided information as a proponent of this initiative petition.

Proposed Statement of Fiscal Impact
for Local Voters' Right to Set and Control Local Tobacco Taxes
Version 19

Fiscal Impact Information Submitted Pursuant to Section 23.140.2 and 15 CSR 40-5.010

The cost of the proposed amendment to the state for the next two fiscal years is zero. The proposal has no fiscal impact on state funds because the proposal requires nothing from state government.

Further, the proposal has no fiscal impact on local funds because it is a "local voter control" measure that includes no mandate. It requires nothing of local governments.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2013	FY 2014
General Revenue	\$0	\$0
Total Estimated Net Effect on All State Funds	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0

Legislative fiscal notes for similar "local voter control" measures are highly instructive on the fiscal impact of this proposal. As detailed in the analysis set out below, all 75 examples of legislative fiscal notes for bills empowering local voters to decide an issue received "zero cost" fiscal notes.

Fiscal Summary Recommendation

Based on the analysis of the measure set forth above and the review below of the practices of the Missouri General Assembly over the past five years in universally finding "zero" state and local fiscal impact for proposals that empower local voters to decide local issues, it is requested and recommend that the State Auditor's Office use the following language for its fiscal note summary:

"This proposal will give local voters the right to set and control local tobacco taxes in their cities and counties. There is no cost to state or local government"

ANALYSIS OF FISCAL IMPACT OF RECENT LOCAL VOTER CONTROL LEGISLATION

The analysis contained in this document was conducted to determine how the Missouri General Assembly has evaluated the cost in the fiscal notes of legislation that empower local voters to decide local issues.

The online records for the past five years (2007-2011) of the General Assembly have been searched to identify all applicable examples. A detailed electronic spreadsheet is attached to this analysis:

- Missouri General Assembly - 76 applicable bills and joint resolutions over the past five years have been identified. The attached electronic spreadsheet provides information on the session year, bill number, whether the bill was finally passed, the purpose, cost, and the Oversight Division's comment about the cost. In addition, internet hyperlinks have been provided to enable any reviewer to find the fiscal note, bill text, and bill summary for the pieces of legislation.

Analysis of Missouri General Assembly Fiscal Notes

A total of 76 bills and joint resolutions have been identified that analyze the fiscal impact of empowering local voters to decide local issues. The list includes 75 bills and one joint resolution.

Bills and Joint Resolutions Empowering Local Votes

Year of Session	House	Senate	Total
2011	3	3	6
2010	2	17	19
2009	3	14	17
2008	8	6	14
2007	10	10	20
Total	26	50	76

Many of the bills were introduced as single subject pieces of legislation. The General Assembly often grouped similar pieces of single subject legislation into an omnibus bill that was then moved forward out of committee to the floor for action by the House or Senate. A total of 15 bills were passed by the General Assembly over the past five years that empower local voters to decide local issues. These bills often were omnibus bills that included provisions that had been included in bills filed in previous sessions.

Year of Session	Bills passed
2011	3
2010	5
2009	0
2008	1
2007	6
Total	15

The 76 bills contain a wide variety of topics and also a wide variety of local taxes that would be authorized for a local vote to fund the purposes of the bills. In addition, a long list of cities and counties of all sizes have been included in the 76 bills. Examples of the topics include but are not limited to the following:

- Transient guest taxes for a variety of purposes in many jurisdictions, including but not limited to:
 - ✓ Cities of St. Peters, Jefferson City, Sugar Creek, Waynesville, Grandview, North Kansas City, St. Joseph, Van Buren, Raytown, St. Ann, Ashland, Sullivan, Centralia, Excelsior Springs, Kimberling City, Charleston, St Charles, Gladstone, Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, Hollister, and Pleasant Hill.
 - ✓ Counties of Montgomery, Pettis, Ripley, Buchanan, Cass, St. Louis, Franklin, Perry, Pemiscot, and Pulaski.
- Sales taxes -
 - ✓ Libraries - Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, Pemiscot, Audrain, Adair, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, and Shelby
 - ✓ Public Safety - St. Joseph, Peculiar, Kansas City, Grandview, Harrisonville
 - ✓ Port Improvement Districts
 - ✓ Ambulance Districts
 - ✓ Fire Protection Districts
 - ✓ Promote tourism
 - ✓ Senior services and youth programs
 - ✓ Public health and safety projects and programs of the county public health center
- Property taxes -
 - ✓ KC Zoological District
 - ✓ Cemetery maintenance
 - ✓ Ambulance Districts
 - ✓ Exhibition center and recreational facility districts
 - ✓ Multipurpose conference and convention center
 - ✓ Establishment, operation, and maintenance of an emergency communications system
 - ✓ Special road rock fund tax on agricultural and horticultural property
 - ✓ Construction, operation and maintenance of a community health center
- Fees
 - ✓ For homeless person assistance
 - ✓ Water service fees for enforcement of property maintenance
 - ✓ Water service fees for repair/replacement of water lines

While there is a wide variety of taxes and purposes included in the bills, there is a single conclusion used by the Oversight Division regarding the cost of empowering local voters to decide local issues - no fiscal impact. The Oversight Division has used several phrases to describe this lack of fiscal impact, including the following examples using the eight relevant bills passed by the General Assembly in its regular sessions in 2011 and 2010.

1. SB 226 (2011) sponsored by Sen. Engler in 2011 - The act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent. This provision is identical to other bills filed including SB 309 (2011), HB 542 (2011), and contains provisions that are identical to SB 826 (2010). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes."

2. HB 161 (2011) sponsored by Rep. Cox in 2011 - The bill changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for Butler, Dunklin, New Madrid, Ripley, Stoddard, or Wayne counties, and a sales tax for public safety in St. Joseph. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Pettis County - *"Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

St. Joseph - *"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

Library district - *"The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

3. HB 142 (2011) sponsored by Rep. Gatschenberger - This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact."

4. HB 1316 (2010) sponsored by Rep. Deeken - This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte

may choose to have their county be a part of the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."

5. HB 1442 (2010) sponsored by Rep. Jones - This omnibus act authorizes, upon voter approval, a variety of transient guest taxes (Jefferson City, Carter County, Ashland, Sugar Creek, Montgomery County, St. Joseph, Buchanan County, Grandview, City of North Kansas City, Raytown, Waynesville) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties Peculiar, Blue Springs, Grandview). The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost for the proposals in several ways.

Jefferson City/St. Joseph/Carter County/Raytown/Waynesville transient guest taxes - *"Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact."*

Ashland, Sugar Creek and Montgomery County - *"Oversight assumes this proposal allows the City of Ashland, City of Sugar Creek and Montgomery County to impose a transient guest tax which shall be at least two percent, but not more than five percent, and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact."*

Daviess/Clinton/Caldwell/DeKalb counties - *"Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district."*

Peculiar/Blue Springs - *"The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero."*

6. SB 578 (2010) sponsored by Sen. Shields - The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal."

7. SB644 (2010) sponsored by Sen. Shields - This act authorizes, upon voter approval, transient guest taxes (Montgomery County) and sales taxes (Caldwell, Clinton, Daviess, and DeKalb counties). The act includes provisions also contained in HB 1442 which was also passed by the General Assembly. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

Daviess/Clinton/Caldwell/DeKalb counties - "Oversight notes that this proposal would allow the governing bodies of the four counties to submit a proposed exhibition center and recreational facility district to the voters. Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes."

8. SB 981 (2010) sponsored by Sen. Callahan - This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities. The official fiscal note for the Truly Agreed and Finally Passed bill includes the following language describing the lack of cost.

"Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax."

Conclusion

The Missouri General Assembly clearly states in its fiscal analysis that bills empowering local voters to decide local issues has no fiscal impact. The bills are permissive in nature and simply enable local governments to decide if they wish to address local issues. The decision is left to the local jurisdiction and the local voters. The Oversight Division of the General Assembly has used a variety of sentences and paragraphs to describe the lack of fiscal impact but all have described no fiscal impact. This is true for all of the 76 bills in this analysis over a five year period.

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2011	HB 142	Gatschenberger	Yes	This bill changes the laws regarding political subdivisions including allowing voter approval of fees for water service and enforcement of property maintenance.	\$0	The fee must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0720-04T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0142T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB142T.htm
2011	HB 161	Cox	Yes	Changes the laws regarding certain taxes imposed by political subdivisions including allowing voter approval for transient guest taxes in St. Peters and Pettis County, a library sales tax for six southeast MO counties, and a sales tax for public safety in St. Joseph	\$0	Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. Oversight assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0781-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/truly/HB0161T.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/truly/sHB161T.htm
2011	HB 369	Gatschenberger	No	Authorizes any city, town, or village to impose, upon voter approval, a fee for the repair or replacement of water lines due to failure	\$0	Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1227-02P.ORG.htm	http://www.house.mo.gov/billtracking/bills111/billtxt/perf/HB0369P.htm	http://www.house.mo.gov/content.aspx?info=bill/s111/bilsum/perf/sHB369P.htm
2011	SB 223	Mayer	No	This act authorizes public library districts, located at least partially within Butler, Ripley, Wayne, Stoddard, New Madrid, Dunklin, or Pemiscot County, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/0509-02N.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/intro/SB223.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4013862&BillID=4124272
2011	SB 226	Engler	Yes	This act allows for the organization of ambulance districts which may impose a sales tax not to exceed one-half of one percent.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the entity's governing body before fiscal impact would be realized. Oversight will indicate no state or local fiscal impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER11/fishtm/1363-05T.ORG.htm	http://www.senate.mo.gov/11info/pdf-bill/tat/SB226.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4517927&BillID=4126432
2011	SB 309	Kehoe	No	This act allows for the organization of ambulance districts which may impose either a property tax not to exceed thirty cents on the one hundred dollars of assessed valuation or a sales tax not to exceed one-half of one percent. Under current law, ambulance and fire protection districts located in any county in this state, except Greene, Platte, Clay, St. Louis and St. Charles counties, are authorized to seek voter approval for a sales tax of up to one-half of one percent to fund the operation of such districts, provided such sales tax is accompanied by a reduction in the district's property tax rate. This act would allow ambulance and fire protection districts located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. This act contains provisions that are identical to Senate Bill 826 (2010).		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/11info/pdf-bill/intro/SB309.pdf	http://www.senate.mo.gov/11info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=4060328&BillID=4170068
2010	HB 1316	Deeken	Yes	This bill changes the laws regarding the collection of property taxes and the assessment of property including authorizing the establishment of the Kansas City Zoological District. The voters of the counties of Cass, Clay, Jackson, and Platte may choose to have their county be a part of the district.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3545-05T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1316T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1316T.htm
2010	HB 1442	Jones	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3380-07T.ORG.htm	http://www.house.mo.gov/billtracking/bills101/billtxt/truly/HB1442T.htm	http://www.house.mo.gov/content.aspx?info=bill/s101/bilsum/truly/sHB1442T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 578	Shields	Yes	The Port Improvement District Act includes, upon voter approval, the port authority may levy sales and use taxes within the district.		Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3168-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB578.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157521
2010	SB 580	Greisheimer	No	This act modifies various provisions relating to political subdivisions including allowing transient room taxes upon voter approval for several local entities.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3635-07N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB580.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157579
2010	SB 605	Mayer	No	Allow transient guest taxes, upon voter approval in Sugar Creek and Waynesville along with other local government changes.	\$0	Oversight assumes this proposal would have no fiscal impact to the state or to local governments.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3187-12N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/hcs/SB605.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157548
2010	SB 644	Shields	Yes	This act authorizes, upon voter approval, a variety of transient guest taxes, property taxes, and sales taxes.	\$0	Since any fiscal impact related to these provisions would depend on future action by local government and voter approval, Oversight will not indicate any impact for fiscal note purposes.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3322-04T.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB644.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157519
2010	SB 668	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night. This act is identical to the introduced version of Senate Bill 165 (2009) and the Senate Committee Substitute for Senate Bill 1089 (2008).	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3084-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB668.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157540
2010	SB 669	Justus	No	This proposal allows the City of Grandview to seek voter approval for a sales tax to fund public safety improvements.	\$0	Oversight has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3085-01P.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB669.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157541
2010	SB 691	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body of such charter county. This act is identical to SB 897 (2008) and SB 80 (2009).	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Therefore, Oversight will show the fiscal impact as \$0 or the amount estimated by St. Louis County.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3059-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB691.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3157574
2010	SB 713	Mayer	No	This act authorizes any public library district, except for library districts located within Adair, Audrain, Clark, Clay, Knox, Lewis, Marion, Monroe, Pike, Putnam, Ralls, Schuyler, Scotland, or Shelby Counties, to seek voter approval for a sales tax of not more than one half of one cent to fund the operation and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by the governing body of a library district.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3074-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB713.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3462991&BillID=3158025
2010	SB 743	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county. This act is similar to Senate Bill 168 (2009) and the perfected version of Senate Bill 822 (2008).	\$0	Oversight assumes this proposal is discretionary and there would be no local government fiscal impact without action by a local governing body	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3292-01N.ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB743.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3164366

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2010	SB 826	Greisheimer	No	Includes a number of provisions including provisions that would allow ambulance and fire protection districts with assessed valuations which are less than \$2.5 billion located within St. Louis County to seek voter approval to impose the sales tax, provided such tax is accompanied by a reduction in the districts property tax rate. Certain provisions of this act are similar to HB 1739 (2010) and SCS/SB 881 (2010).	\$0	Officials from St. Louis County assumed a previous version of this proposal would have no fiscal impact on their organization.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4650-04P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB826.pdf	http://www.senate.mo.gov/10info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=3599841&BillID=3202147
2010	SB 827	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters. This act is identical to Senate Bill 257 (2009).	\$0	The proposed legislation appears to have no fiscal impact. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4707-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB827.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3204875
2010	SB 862	Callahan	No	This act authorizes the City of Sugar Creek, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4692-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB862.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213553
2010	SB 863	Callahan	No	This act authorizes the City of Raytown, City of North Kansas City, and the City of Van Buren, upon voter approval, to impose a transient guest tax	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4605-03P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB863.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3213554
2010	SB 898	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4893-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB898.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3247175
2010	SB 915	Barnitz	No	Authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax and raises the limit for Jefferson City upon voter approval. This act contains provisions which are identical to Senate Bill 276 (2009).	\$0	Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/4471-02P_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/perf/SB915.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271106
2010	SB 916	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax. This act is similar to Senate Bill 387 (2009), House Bill 28 (2009), and House Bill 1967 (2008).	\$0	Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/3600-01N_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/intro/SB916.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3271107
2010	SB 981	Callahan	Yes	This act allows the governing body of Kansas City to seek voter approval to impose a one-eighth, one-fourth, one-half, or three-fourths percent sales tax to provide revenues for public safety activities	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER10/fishtm/5191-01T_ORG.htm	http://www.senate.mo.gov/10info/pdf-bill/tat/SB981.pdf	http://www.senate.mo.gov/10info/BTS_Web/Bill.aspx?SessionType=R&BillID=3358378
2009	HB 28	Day	No	Authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax for a multipurpose conference and convention center	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0199-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/intro/HB00281.htm	http://house.mo.gov/content.aspx?info=bills091/bilsum/intro/sHB281.htm
2009	HB 376	Hobbs	No	Senate substitute is omnibus bill with a long list of transient guest taxes, property taxes, and sales taxes that are subject to voter approval for a variety of purposes.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1184-05N_ORG.htm	http://www.house.mo.gov/billtracking/bills091/bill/senate/1184S.05F.htm	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&BillID=1192378&SummaryID=2343726

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	HB 572	Corcoran	No	Authorizes cities with at least 5,000 inhabitants to levy property taxes for certain municipal purposes	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1631-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills091/billintro/HB0572I.htm	http://house.mo.gov/content.aspx?info=/bills091/bilsum/intro/SB572I.htm
2009	SB 164	Justus	No	This act authorizes the City of Grandview to seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city.	\$0	Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1026-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB164.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618750&BillID=533847
2009	SB 165	Justus	No	House committee substitute is omnibus bill with a long list of transient guest taxes and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for St. Ann, Peculiar, cities in Jefferson County, Grandview, and Ripley county. Transient guest taxes for Waynesville, Montgomery county, Ashland, Centralia, Excelsior Springs, Sugar Creek and others.	\$0	No general comment in fiscal note about any of the elections.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0920-03N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/hcs/SB165.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=533848
2009	SB 168	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0750-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB168.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=618974&BillID=533849
2009	SB 187	Vogel	No	Increases the maximum levy from five percent to seven percent for any county, city which is the county seat of any county, and various other cities to impose a tax on charges for sleeping rooms paid by guests of hotels and motels - effective only upon voter approval.	\$0	Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0600-01N.ORG.htm		http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=637664&BillID=552515
2009	SB 248	Schaefer	No	This act authorizes the City of Ashland to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night.	\$0	Oversight assumes this proposal allows the city of Ashland to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1339-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB248.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=715529&BillID=625459
2009	SB 257	Schaefer	No	This act authorizes counties to seek voter approval for the extension of certain taxes which, by law, are set to terminate after a term of years and provides ballot language for the submission of such question to voters	\$0	The proposed legislation appears to have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1341-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB257.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=629757
2009	SB 266	Mayer	No	This act authorizes public library districts to seek voter approval for a sales tax of not more than one half of one cent to fund the operation, and maintenance of libraries within the boundaries of such library district.	\$0	Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0560-03P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB266.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=636640
2009	SB 276	Barnitz	No	This act authorizes the governing body of Montgomery County to seek voter approval for the imposition of a transient guest tax.	\$0	Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1538-01P.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB276.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=682669
2009	SB 386	Lager	No	This act allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts.	\$0	In introduced version of bill, Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. In HCS version of bill no general statement on election cost is made because it has become an omnibus bill.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1531-01N.ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB386.pdf	http://www.senate.mo.gov/09info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=928035&BillID=842318

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2009	SB 387	Barnitz	No	This act authorizes the City of Waynesville, upon voter approval, to impose a transient guest tax of up to three percent per occupied hotel and motel room per night.	\$0	Oversight assumes this proposal, as written, does not mandate that the City of Waynesville impose a transient guest tax for the purpose of funding the construction of and the maintenance of a multipurpose conference and convention center. Oversight assumes this proposal is permissive and that the fiscal impact would not be realized without action by the governing body and voter approval. Oversight will show the fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0820-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB387.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=842319
2009	SB 447	Pearce	No	This act authorizes the governing body of the City of Peculiar to seek voter approval for the imposition of a sales tax to fund public safety improvements.	\$0	The tax must receive voter approval before it could be implemented; therefore, Oversight assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1674-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB447.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=938193
2009	SB 494	Greisheimer	No	This act would give such counties the option to seek voter approval to impose the property tax or a sales tax not to exceed one-tenth of one percent to fund the establishment, operation, and maintenance of an emergency communications system.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/09info/pdf-bill/intro/SB494.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=952595
2009	SB 507	Callahan	No	This act authorizes the City of Sugar Creek, upon voter approval, to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.	\$0	Oversight assumes this proposal allows Sugar Creek to impose a transient guest tax of up to five percent and could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER09/fishtm/1671-01P_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/perf/SB507.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=958996
2009	SB 7	Greisheimer	No	Senate substitute is omnibus bill with a long list of transient guest taxes property taxes, and sales taxes that are subject to voter approval for a variety of purposes. Sales taxes are provided for Ashland, Montgomery county, St. Joseph, Buchanan county, 4 counties in NW Missouri, and others.	\$0	No fiscal note was produced for Senate Substitute	http://www.moga.mo.gov/Oversight/OVER09/fishtm/0196-01N_ORG.htm	http://www.senate.mo.gov/09info/pdf-bill/intro/SB7.pdf	http://www.senate.mo.gov/09info/BTS_Web/Bill.aspx?SessionType=R&BillID=512683
2008	HB 1431	Hodges	No	This bill authorizes the City of Charleston to impose, upon voter approval, a transient guest tax of 2% to 5% per room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3265-01N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1431.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1431.htm
2008	HB 1867	Scavuzzo	No	This bill authorizes the City of Harrisonville to impose, upon voter approval, a sales tax of up to 0.5% for the operation of public safety departments including compensation; pension programs; health care; employment of additional police officers; and additional equipment and facilities.	\$0	Oversight assumes this proposal as written is discretionary and would have no fiscal impact unless the governing body of the city would seek voter approval to impose a sales tax for public safety purposes. Oversight has no way to determine if the city were to receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3173-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1867.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1867.htm
2008	HB 1967	Day	No	This bill authorizes the City of Waynesville to impose, upon voter approval, a transient guest tax of up to 3% on all occupied hotel and motel rooms.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the governing body and with voter approval. Oversight will show fiscal impact as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4144-02N_ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB1967.htm	http://www.house.mo.gov/billtracking/bills081/billsum/intro/sHB1967.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	HB 2042	Hughes	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.		No fiscal note available online	No fiscal note available online	http://www.house.mo.gov/billtracking/bills081/bill/intro/HB2042I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2042I.htm
2008	HB 2047	Curls	Yes	Certain counties are authorized to impose, upon voter approval, a special road rock fund tax at a rate not to exceed 25 cents per acre for property classified as agricultural and horticultural. The bill increases the rate to up to \$1 per acre.	\$0	Oversight assumes the provisions provided for in Section 231.444 are permissive and this proposal as written does not require that certain third class counties impose an increase in the rate of levy for road improvement purposes. For purposes of this fiscal note Oversight assumes no fiscal impact to local government. Fiscal impact will be shown as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4783-02T.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/truly/HB2047T.HTM	http://www.house.mo.gov/billtracking/bills081/bill/summary/truly/sHB2047T.htm
2008	HB 2115	Salva	No	This bill authorizes the City of Sugar Creek to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5014-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2115I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2115I.htm
2008	HB 2126	Holsman	No	This bill authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% on all occupied hotel and motel rooms for the promotion of tourism and to fund construction, maintenance, and operation of capital improvements.	\$0	Oversight assumes this proposal increases the tax to 5% that Grandview could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5038-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2126I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2126I.htm
2008	HB 2150	Baker	No	This bill authorizes all counties to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of funding the operation of public safety departments, including police and fire departments, and the communications of the public safety departments.	\$0	Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5091-01N.ORG.htm	http://www.house.mo.gov/billtracking/bills081/bill/text/intro/HB2150I.htm	http://www.house.mo.gov/billtracking/bills081/bill/summary/intro/sHB2150I.htm
2008	SB 822	Shoemyer	No	This act allows the governing body of a city, town, village or county to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal is discretionary and as written would not have any fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3239-02P.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB822.pdf	http://www.senate.mo.gov/08info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=202742&BillID=109
2008	SB 845	Rupp	No	HCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Cass County, Charleston, Grandview, Harrisonville, Raytown, Waynesville, and others.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3502-02N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB845.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=89
2008	SB 897	Wilson	No	This act, upon voter approval, increases the fee collected by each recorder of deeds to fund the county homeless person assistance program from \$3 to \$10 if such a program has been created by the governing body.	\$0	Oversight assumes the fee increases provided for in this proposal would require voter approval. Oversight will show fiscal impact as \$0 or the amount estimated by the County Recorder of Deeds.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3856-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB897.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=6732
2008	SB 900	Vogel	No	Current law allows any county, city which is the county seat of any county, and various other cities to impose a tax, not to exceed five percent per room per night, on charges for sleeping rooms paid by guest of hotels and motels. This act increases the maximum levy from five percent to eight percent. Such increase will become effective only upon voter approval.	\$0	Oversight assumes this proposal increases the maximum tax from 5% to 8% that certain cities and counties could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval, therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/3443-01N.ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/intro/SB900.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=13099

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Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2008	SB 1089	Justus	No	This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism.	\$0	Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/4970-02P_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/perf/SB1089.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=84827
2008	SB 1209	Callahan	No	HCS modifies laws regarding taxes and fees including voter approved local transient guest taxes and sales taxes for Sugar Creek, Waynesville, Grandview, St. Charles and St. Louis counties.	\$0	Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. Oversight assumes this proposal as written does not require that a transient guest tax be imposed, therefore, Oversight will show fiscal impact as \$0.	http://www.moga.mo.gov/Oversight/OVER08/fishtm/5303-05N_ORG.htm	http://www.senate.mo.gov/08info/pdf-bill/hcs/SB1209.pdf	http://www.senate.mo.gov/08info/BTS_Web/Bill.aspx?SessionType=R&BillID=148941
2007	HB 69	Day	No	Sections 67.1003, 67.1016, and 67.1360 allows cities to impose, with voter approval, a transient guest tax. Section 67.1016 allows any county of the second, third or fourth classification, with voter approval, to impose a transient guest tax.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0086-09N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/senate/0086S.09F.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/perf/sHB69P.htm
2007	HB 205	Marsh	Yes	This bill authorizes certain cities and counties to impose a sales or transient guest tax; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish a theater, cultural arts, and entertainment district. Bill includes Sullivan and the counties of Perry and Pemiscot.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0859-02T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0205T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB205T.htm
2007	HB 234	Tilley	No	This bill authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A senior services tax commission must be established to administer the revenue received for senior services.	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0903-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0234I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB234I.htm
2007	HB 271	Nolte	No	Authorizes the City of Gladstone to impose a transient guest tax for the promotion of tourism	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0690-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0271I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB271I.htm
2007	HB 595	Schlottach	No	Allows Franklin County to levy a transient guest tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the City of Sullivan and Franklin County to be used for tourism	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1456-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0595I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB595I.htm
2007	HB 624	Wilson	No	Authorizes Perry County to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. Authorizes any second, third, or fourth classification county to impose a transient guest tax, upon voter approval, on all hotel or motel sleeping rooms within the county. Authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of 2% to 5% per room, per night, for the promotion of tourism;	\$0	Oversight will assume the city could submit the issue to the voters on any local election date, as early as November 2007, and will indicate the election cost to the local government as \$0 or Unknown in FY 2008.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1586-04N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/commit/HB0624C.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/commit/sHB624C.htm
2007	HB 722	Wood	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.	\$0	Oversight assumes fiscal impact would not be realized without action by the governing body with voter approval. Oversight will show fiscal impact as \$0 to unknown.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1732-01N_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/intro/HB0722I.htm	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/intro/sHB722I.htm
2007	HB 795	Flook	Yes	Changes the laws regarding sales and transient guest taxes; theater, cultural arts, and entertainment districts; municipal code violations in Kansas City; and certain directors of public water supply districts. Includes Perry and Pulaski counties and the cities of Augusta, Carrollton, Chillicothe, Sullivan, Liberty, Miami, Missouri City, and Pleasant Hill.	\$0	Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1464-06T_ORG.htm	http://house.mo.gov/con tent.aspx?info=/bills071/biltxt/truly/HB0795T.HTM	http://house.mo.gov/con tent.aspx?info=/bills071/bilsum/truly/sHB795T.htm

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	HB 919	Schneider	No	Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003). Authorizes Franklin County to impose, upon voter approval, a transient guest tax between 2% and 5% per room per night in the Sullivan C-II School District to be used for the promotion of tourism (Section 67.1360);	\$0	\$0 shown but no explicit statement on local election cost.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2113-03N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB0919C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB919C.htm
2007	HB 1089	Stevenson	No	Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);	\$0	Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2596-04N.ORG.htm	http://house.mo.gov/content.aspx?info=bills071/billtxt/commit/HB1089C.HTM	http://house.mo.gov/content.aspx?info=bills071/bilsum/commit/sHB1089C.htm
2007	SB 22	Greisheimer	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Pulaski county, Gladstone, Sullivan, Hollister, Joplin, Kingville, and Jasper county.	\$0	Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this section.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0382-12T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB22.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=95
2007	SB 30	Nodler	Yes	CCS modifies various provisions relating to political subdivisions including transient guest taxes and sales taxes, upon voter approval, for various purposes for Perry county, Independence, and second, third, and fourth class counties.	\$0	Oversight assumes the local fiscal impact would be dependent on action by the governing body with voter approval. Oversight will indicate a fiscal impact of \$0 to unknown for local governments.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0246-06T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB30.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=103
2007	SB 81	Greisheimer	Yes	CCS allows cities, towns, and villages within Clay County, Franklin County, Boone County, Jasper County or Jackson County, to form a Theater, Cultural Arts, and Entertainment District. Such counties and St. Charles County may also form such a district. Counties, cities, towns, and villages that adopt transect-based zoning may also form such districts. Also allows Hollister (transient guest tax) and Independence (sales tax) to levy tax upon voter approval.	\$0	Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0259-05T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB81.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=52
2007	SB 233	Crowell	Yes	CCS authorizes Perry County, pending voter approval, to levy a sales tax of up to one-fourth of one percent to equally fund senior services and youth programs. CCS also authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.	\$0	Oversight assumes this proposal is permissive, and as written, would have no fiscal impact.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/0929-03T.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/tat/SB233.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=3406
2007	SB 345	Shoemyer	No	This act allows the governing body of a county to submit a proposal to the voters of the county allowing the county to impose a property tax to fund cemetery maintenance.	\$0	Oversight assumes this proposal as written is permissive and would have no fiscal impact without action by their governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1657-01P.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/perf/SB345.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=6287
2007	SB 365	Koster	No	This act authorizes the governing body of any city to impose an annual real property tax to fund the construction, operation and maintenance of a community health center. The act authorizes such cities to enter into agreements with taxing districts, located at least partially within such city, allowing such districts to levy the tax authorized under this act in the portion of such districts not located within the incorporated limits of the city, provided such districts receive prior voter approval. The tax authorized by this act shall not exceed thirty-five cents per year on each one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city and, if applicable, any district imposing the tax.	\$0	Oversight assumes this proposal as written is permissive, and would have no fiscal impact without action of the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/1653-02N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/comm/SB365.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=7390

LEGISLATION WITH LOCAL ELECTIONS - 2007 to 2011

Session Year	Bill Number	Sponsor	TAFP?	Purpose	Fiscal note cost	Comment on fiscal note on local elections	Fiscal note link	Bill text link	Bill summary link
2007	SB 624	Coleman	No	This act allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.	\$0	Oversight assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.	http://www.moga.mo.gov/Oversight/OVER07/fishtm/2185-01N.ORG.htm	http://www.senate.mo.gov/07info/pdf-bill/intro/SB624.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=604943&BillID=51758
2007	SB 678	Goodman	No	This act authorizes Kimberling City to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB678.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55971
2007	SB 679	Goodman	No	This act authorizes the City of Hollister to impose, upon voter approval, a transient guest tax of up to five percent per night per sleeping quarters for the promotion of tourism.		No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SB679.pdf	http://www.senate.mo.gov/07info/BTS_Web/Bill.aspx?SessionType=R&BillID=55972
2007	SJR 16	Shoemyer	No	Upon voter approval, this proposed constitutional amendment would authorize political subdivisions to submit to the qualified voters any ballot measure increasing or decreasing revenue without further statutory authorization, provided that laws in effect on the effective date of this amendment shall remain in effect unless later amended or repealed.	\$0	No fiscal note available online	No fiscal note available online	http://www.senate.mo.gov/07info/pdf-bill/intro/SJR16.pdf	http://www.senate.mo.gov/07info/BTS_Web/Summary.aspx?SessionType=R&SummaryID=558817&BillID=6280

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Joplin, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

The proposal has no fiscal impact (change in costs, savings, or revenues) for state and local governmental entities since it would only modify the constitution to allow the establishment of local tobacco taxes if submitted to and approved by voters.

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-105)

Subject

Initiative petition from Robert Hess regarding a proposed amendment to Chapters 149 and 196 of the Revised Statutes of Missouri. (Received December 22, 2011)

Date

January 10, 2012

Description

This proposal would amend Chapters 149 and 196 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Cass County**, **Cole County**, **Greene County**, **Jasper County**, **St. Louis County**, the **City of Cape Girardeau**, the **City of Kansas City**, the **City of Mexico**, the **City of St. Joseph**, the **City of St. Louis**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri** and **St. Louis Community College**.

Robert L. Hess, II provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Economic Development** indicated they anticipate no fiscal impact as a result of the proposed legislation.

Officials from the **Department of Higher Education** indicated:

This version of initiative petition 11-88 is estimated to cost their department approximately \$76,170 in the first full fiscal year in which its provisions are in effect.

Section 149.018.8 contains a provision which reads as follows: "The department of higher education shall ensure that at least twenty-five percent of the moneys distributed from the Public Higher Education Account are used for programs and initiatives related to the education, training, and development of future caregivers including physicians, dentists, optometrists, pharmacists, nurses, and other health care providers." This provision would require them to perform an audit function to track the use of funds distributed to institutions from the Public Higher Education Account created by the petition. They do not currently perform any such function in relation to funds appropriated to institutions and would be required to hire one full-time employee (FTE) with related experience to fulfill their duties required by the provision.

With an annual salary of \$50,000 and a fringe-benefit package estimated at 52.34% or \$26,170, they estimate the total cost of the FTE to be \$71,760 in the first full fiscal year in which the provisions of the initiative petition are in effect. The negative fiscal impact of the initiative petition on their department would subsequently increase in years in which staff salary raises were implemented by the state or the costs of fringe-benefit packages increased in a proportion equal to those cost increases.

Officials from the **Department of Health and Senior Services** indicated the proposed legislation increases the state tax to tobacco products. They defer to the Office of Administration (OA) on the statewide impact to total state revenue for this legislation.

Section 149.018 increases the statewide tax on tobacco products and establishes the Health and Education Trust Fund for the additional revenue to be deposited. The legislation outlines revenue uses and establishes the Missouri Healthy Families Commission for conducting, coordinating, and overseeing the tobacco use quit assistance and prevention activities, programs, and initiatives funded through the Tobacco Use Prevention and Quit Assistance Account. The Missouri Healthy Families Commission would be assigned to DHSS for budgeting and reporting functions only. The language states "*Supervision by the department of health and senior services shall not extend to matters relating to policies, regulative functions, or appeals from decisions of the Missouri Healthy Families Commission, and the director of the department of health and senior services, any employee of the department of health and senior services, or the governor, either directly or indirectly, shall not participate or interfere with the activities of the Missouri Healthy Families Commission in any manner not specifically provided by law and shall not in any manner interfere with the budget request of or withhold any moneys appropriated to the Missouri Healthy Families Commission by the general assembly*", therefore, it is unclear what DHSS' role may be in relation to the

Commission. The potential exists for the department to receive funds from the Commission to help run the state-contracted Missouri Tobacco Quitline and to help fund other comprehensive tobacco control efforts for which the department has developed infrastructure and expertise.

The long-range impact is unknown.

At the discretion of the Missouri Healthy Families Commission, DHSS assumes the department may play a role in administering tobacco quit assistance and comprehensive tobacco control efforts. The Missouri Healthy Families Commission would be assigned to DHSS for budgeting and reporting functions only. DHSS would be required to fund the activities of the Commission including the quarterly meetings. At this time, it is not possible to estimate the activities the department will be involved with and therefore assumes \$6,480 (9 members X \$180 per member/meeting X 4 meetings) to unknown costs for the proposed legislation. DHSS assumes all costs will be offset with revenue generated by the language resulting in a \$0 net fiscal impact. DHSS defers to the Office of Administration regarding the statewide fiscal impact to this proposed legislation.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated there will be no impact per each fiscal year.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition has no fiscal impact to their department.

Officials from the **Department of Revenue** indicated increased costs would be \$78,499 in fiscal year 2013, \$40,153 in fiscal year 2014, and \$40,570 in fiscal year 2015.

Based upon FY11 sales of 547 million stamps the tax increase of 3.65 cents per cigarette (73 cents per pack of 20) would raise approximately \$399 million per calendar year. Currently, the tax collected on roll your own tobacco is not reported separately from other tobacco products. The department is not able to estimate what the impact the tax increase would have on these products. Additionally, some portion of the \$158.7 million reported as the manufacturers invoice price for all other tobacco products sales during FY11 would include roll your own tobacco. However, if you based the tax increase on other tobacco products on the full amount reported in FY11, it would increase total collections by \$23.8 million dollars per year.

Under current law, wholesales receive discounts equal to three percent of the face value of each cigarette stamp. Based upon the FY11 sales of 547 million stamps, wholesalers received discounts of approximately \$2,789,700. Under the proposed legislation they would have received only \$2,735,000 in discounts if the tax rate did not increase. However, if the tax rate increases by \$.73, wholesalers would have received \$14,769,000. Under the proposed legislation, they would receive approximately \$12 million less in allowance.

The department will have programming expenses of \$40,068 to update and create tobacco processing systems.

The department will need one Revenue Processing Technician to perform additional duties required by Section 196.1029.

Comments

This initiative would go before voters on November 6, 2012. If passed, it would go into effect January 1, 2013. This would give Taxation approximately 45 days to implement. The Department of Revenue suggests the effective date be changed to either July 1, 2013 or January 1, 2014. This would allow time to develop new forms, communicate this to licensees, and to complete any programming needed. This would also allow additional time for the department to request bids on a new stamp design, if necessary.

149.011(2) - By increasing the weight from 3 lbs to 4 lbs per thousand and including language that it can be wrapped in anything, this definition of cigarette would appear to include "little cigars." This would require stamping of packs of little cigars. It is unclear if little cigars would also fall under the MSA requirements and the Fire Safety requirements. In addition the definition of a cigarette under section 320.350, fire safety statutes, would be in conflict with the definition of cigarette under this legislation.

149.011(14) - The department requests clarification of what products are defined as "other product containing tobacco intended or expected to be consumed without being combusted."

149.018.4 (1) - Section 149.018.4 - The department recommends removing the one half of one percent limit on the cost of collection and indicating the cost of collection shall be equal to the actual costs incurred by the department. At a minimum, the cap should be increased to three percent of the moneys collected.

149.018.4(3) - Section 149.018.4 - The department requests clarification of how it is to determine if the increase in tax caused a decrease in the consumption of cigarettes. Over the past several years there has been a decline in the number of stamps sold which could be attributed to factors such as discontinued use of cigarettes due to health related issues or to the recent increase of the federal cigarette tax. There has been a slight increase in the amount of tax collected on other tobacco products, which may be attributed to public use of other tobacco products such as pipe tobacco, used as roll you own tobacco or

purchasing little cigars which are similar in appearance to cigarettes but taxed at a lower federal tax rate. Each year the contributing factors to any decrease in the amounts deposited to the accounts could change and they may not be easily identified. It might be beneficial to add language that would require DOR to consult with the Department of Health in making the determination on what to attribute any decreases to.

149.018.5 - The department requests clarification of who is to make the distributions to the Tobacco Use Prevention and Quit Assistance Account, to the Public Education Account and the Public Higher Education Account.

149.018.10 - Imposes the taxes on existing inventory of any person licensed under Chapter 149. Retailers are not required to be licensed under Chapter 149. It is unclear if licensees who also operate retail establishments will be required to remit the tax increase on the product held by their retail operation. This legislation would appear to single out those retailers who happen to have a license and would not be inclusive of all other retailers. By only targeting those licensed under Chapter 149 for payment of the tax increase of in stock inventory, it opens up the possibility for stockpiling by other large retailers and allowing them to reap a windfall after the tax increase takes effect. In addition stockpiling of cigarettes could result in stamp shortages by DOR.

196.1023.4 –This appears to requires non-participating manufacturers to post a bond if its cigarettes were not sold in the state during any one of the four preceding calendar quarters, if it or any person affiliated with it failed to make a full and timely escrow deposit or if it or any person affiliated with it was removed from any states directory during any of the five preceding calendar years. This will require continual research to determine if any non-participating manufacturers meet the conditions for a bond. Quarterly escrow deposits must be made within 30 days after the end of each quarter under section 196.1003.1(4). This legislation appears to require a non-participating manufacturer to post a bond 10 days before the start to the next quarter in order to be listed in the directory for the next quarter. These two requirements appear to be in conflict with each other. In addition the department does not receive information from wholesalers regarding units sold until the 20th of each month. The department will not be able to determine if a bond is required 10 days before a new quarter begins because not all of the information regarding sales will be received more than 10 days before the start of the quarter.

The department recommends adding language to allow the department to promulgate rules in order to carry out the provisions of sections 149.011 to 149.215 or at least to cover the new section 149.018.

Officials from the **Department of Public Safety** indicated they assume that this initiative, if approved by the voters, will not have any fiscal impact on their department.

Officials from the **Department of Social Services** indicated:

This initiative petition seeks to impose an additional tax on tobacco products. The additional tax is 3.65¢ per cigarette, 25% of the manufacturer's invoice price for roll-your-own tobacco, and 15% of the manufacturer's invoice price for all other tobacco products. The tax is effective January 1, 2013.

The state may retain up to 1.5% of the total collected to cover the additional actual costs incurred by the state in collecting and enforcing the new taxes.

The petition creates the Health and Education Trust Fund for deposit of the remaining additional taxes collected. Money in the fund shall be credited to three separate accounts:

- Tobacco Use Prevention and Quit Assistance Account (20%);
- Public Education Account (50%); and
- Public Higher Education Account (30%).

The General Assembly may appropriate up to 1/5th of 1% of the Tobacco Use Prevention and Quit Assistance Account to the Attorney General and other state agencies for the purpose of enforcing and administering the Master Settlement Agreement.

Tax proceeds can be used only for the purposes stated in the initiative.

On an annual basis, the Director of the Department of Revenue must determine whether the new taxes imposed have directly caused a decrease in tobacco consumption, thereby causing a reduction in the amount of moneys collected and deposited into the Fair Share Fund, the Health Initiatives Fund (HIF), or the state school moneys fund. If this is the case, the Department of Revenue must transfer from the Health and Education Trust Fund to these three funds an amount equal to the amount of money that were not collected and deposited into those funds because of the taxes imposed by this initiative. Transfers are limited to 3% of the total moneys collected from the additional tobacco tax imposed by this initiative.

The department currently receives money from the Health Initiatives Fund. Theoretically, the Health Initiatives Fund should be made whole by this transfer and there would be no fiscal impact to their department.

The proposal also creates the Missouri Healthy Families Commission to administer the activities funded by the Tobacco Use Prevention and Quit Assistance Account. The department may designate a non-voting, ex officio representative to the Board of Directors of the Commission. They do not expect a significant fiscal impact due to this provision.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Missouri House of Representatives** indicated there is no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they anticipate no fiscal impact at this time.

Officials from the **Office of Administration** indicated:

This proposal imposes an additional tax of 3.65¢ per cigarette (73¢ per pack of 20); levies an additional 15% tax on other tobacco products (OTP); levies an additional tax of 25% on newly-defined "roll-your-own" products; changes the compensation rate for wholesalers; and requires non-participating manufacturers to post a bond. The changes are effective January 1, 2013.

New monies are deposited into the Health and Education Trust Fund and allocated as follows:

- 1) Tobacco Use Prevention and Quit Assistance Account (20%);
- 2) Public Education Account (50%);
- 3) Public Higher Education Account (30%).

The Missouri Healthy Families Commission is created to administer the Tobacco Use Prevention and Quit Assistance Account. The Commission is assigned to the Department of Health and Senior Services for budget and reporting purposes. The nine member commission is appointed by the Governor with advice and consent of the Senate.

The Public Education Account is appropriated to DESE for distribution to school districts with at least 25% of the money to be used in direct classroom expenditures.

The Public Higher Education Account is distributed to public colleges and universities in proportion to the total base operating appropriations for all public colleges and universities in the preceding fiscal year.

The proposed amendment to the Revised Statutes of Missouri should not result in additional costs or savings to the Office of Administration should it be approved by the voters. However, there is a statewide impact on revenues to the state.

The Division of Budget and Planning (BAP) calculates the impact of the cigarette tax increase by estimating the quantity of packs currently sold, applying the midpoint formula for elasticity to estimate the new quantity of packs, then calculating increased revenues.

BAP notes the following:

1. BAP estimates the current retail price of one cigarette pack is \$4.50 = \$4.33 price + \$0.17 excise tax. Prices vary substantially depending on brand and packaging. This analysis does not include additional impacts of any retail sales taxes.
2. The website "Tobacco Free Kids" estimates the average cigarette tax as \$1.46 per pack, as of June 28, 2011.¹ A tax of \$0.90 (the proposed \$0.73 plus the existing tax of \$0.17) would be below this average, but would exceed the tax rate of four neighboring states.
3. State cigarette taxes in FY11 totaled \$89,965,910, according to the SAM II Data Warehouse.²
4. "Elasticity" is the ratio of the change in quantity sold to the change in price. The CDC estimates the cigarette price elasticity as -0.4,³ which suggests a 4% drop in sales for each 10% increase in cost. However, research by Goolsbee (2004)⁴ demonstrates the elasticity for state cigarette taxes likely exceeds -1.2, and could exceed -2.0, depending on internet access.
5. Given the above information, BAP estimates the elasticity at -0.8 for this analysis.
6. This analysis uses the midpoint-method to estimate the new quantity (Q2) of cigarette packs taxed as a result of the tax increase: $E = \{(Q2-Q1) / \text{AVG}(Q2,Q1)\} / \{(P2-P1) / \text{AVG}(P2,P1)\}$

Based on this information, BAP estimates increased cigarette tax revenues of \$332.4M annually (see Table 1).

Similarly for the increased OTP tax:

1. BAP estimates the current retail price of one "unit" of tobacco is \$4.50 = \$4.09 + \$0.41 excise tax. Prices vary substantially depending on brand and packaging. This analysis does not include additional impacts of any retail sales taxes.
2. BAP estimates the elasticity as -0.8, as above, and uses the midpoint formula, as above.

Based on this information, BAP estimates increased OTP taxes of \$19.5M annually (see Table 2).

BAP notes that currently, "roll-your-own" products are taxed as an OTP product. However, BAP does not have data on what proportion of OTP sales would qualify as "roll-your-own", and thus for the higher proposed tax rate. Therefore, there will also be an additional unknown increase in revenues resulting from this source.

The proposal directs the DOR to estimate the decreased consumption of cigarettes and OTP as a result of this proposal, and then to hold existing dedicated funds harmless. This

¹ <http://www.tobaccofreekids.org/research/factsheets/pdf/0222.pdf>, accessed November 22, 2011.

² Data warehouse accessed September 21, 2011

³ http://www.cdc.gov/tobacco/data_statistics/fact_sheets/economics/econ_facts/index.htm, accessed September 21, 2011.

⁴ <http://faculty.chicagobooth.edu/workshops/AppliedEcon/archive/pdf/goolsbee.pdf>, accessed September 21, 2011

analysis estimates a decrease of 60M cigarette packs. At 17¢ per-pack, this implies the DOR would need to transfer an estimated \$10.2M of the new cigarette revenues into existing funds. However, this transfer cannot exceed 3% of the new revenues, which is estimated at 10.0M. Similarly, this analysis estimates a decrease of 3.7M "units" of OTP sales. At an estimated tax rate of 41¢, this suggests a transfer of \$1.5M of the new OTP revenues into existing funds. However, this transfer cannot exceed 3% of the new revenues, which is estimated at 0.6M.

BAP defers to DOR for impacts of the changes to the compensation rate and bond postings; and to the Attorney General's Office on the impacts in changes related to the Master Settlement Agreement.

Table 1.

Cigarettes	Current (FY11)	New
Tax (per pack)	\$0.17	\$0.90
Estimated Cost Per Pack	\$4.50	\$5.23

Estimated Packs with Tax Increase, using Midpoint Formula

FY11 Revenues	\$89,965,910
Q1	529,211,235
P1	\$4.50
P2	\$5.23
Estimated Elasticity (see notes)	-0.8
Q2	469,281,167
Total Revenues	\$422,353,050
Increased Revenues	\$332,387,140

Table 2.

OTP	Current (FY11)	New
Tax (per unit)	10%	25%
Estimated Retail Cost Per Unit	\$4.50	\$5.11
Estimated Wholesale Cost Per Unit	\$4.09	

Estimated Units with Tax Increase, using Midpoint Formula

FY11 Revenues	\$15,551,490
Estimated Current Wholesales	\$155,514,900
Q1	38,023,203
P1	\$4.50
P2	\$5.11
Estimated Elasticity (see notes)	-0.8
Q2	34,328,641
Estimated New Wholesales	\$140,404,142
Total Revenues	\$35,101,036
Increased Revenues	\$19,549,546

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated there is no fiscal impact to their office.

Officials from the **City of Kansas City** indicated this petition increases the state tobacco tax and does not implicate any city revenue increase, revenue loss, new costs, or new savings.

Officials from the **City of St. Joseph** indicated they hate to think of the cost to the state of setting this up, administering and enforcing it. The officials said they see no additional expenses. There could be grants to the Health Department for contracted services and those revenues would be tied to specific expenditures. There might be less revenue from their current portion of the Cigarette Tax if, as a border city, consumers go over into Kansas to buy their smokes. There is no way to estimate the possible reduction.

Officials from **Linn State Technical College** indicated that based on the information presented, if this results in an increase in general revenue for the State of Missouri, there may be a positive fiscal impact on their college since the majority of their state appropriations come from general revenue funds.

Officials from **Metropolitan Community College** indicated this would have a positive, but unknown, fiscal impact on their college.

The **State Auditor's office** estimated annual audit costs required in the proposal would be up to an estimated \$40,000.

Robert L. Hess, II provided information as a proponent of this initiative petition.

As set forth in the enclosed analysis, tobacco use causes approximately \$2.13 billion in annual health care expenditures in Missouri. Smoking specifically causes approximately \$532 million in annual costs for the Missouri Medicaid program. The initiative petition would increase the tax on cigarettes by \$0.73 per pack, would increase the tax on roll-your-own tobacco by 25%, and would increase the tax on other tobacco products by 15%. Those tax increases would raise over \$283 million in new state revenue to help adults stop smoking, to keep kids from starting smoking, and to support public education and higher education.

In addition to raising new revenue, the tax increase would have an immediate public health benefit. Each 10% cigarette price increase reduces youth smoking by 6.5%. Each 10% cigarette price increase reduces adult smoking by 2%. The total expected reduction in smoking consumption as a result of a 10% price increase is 4%. It is conservatively estimated that the initiative petition would decrease youth smoking by 12% in Missouri and keep 45,700 kids in Missouri from becoming addicted adult smokers and help 28,200 current adult smokers quit. Twenty two thousand (22,000) Missouri residents would be saved from premature smoking-caused deaths.

There would also be a fiscal benefit to the citizens of the state from the improved public health. In the first five years, there would be more than \$30 million in savings from fewer smoking-related pregnancies, births, heart attacks and strokes. The long term savings would be approximately a billion dollars.

**NEW REVENUES, PUBLIC HEALTH BENEFITS & COST SAVINGS
FROM A 73-CENT CIGARETTE TAX INCREASE IN MISSOURI**

Current state cigarette tax: 17 cents per pack (51st among all states)
Smoking-caused costs in Missouri: \$7.61 per pack

Annual healthcare expenditures in Missouri directly caused by tobacco use: \$2.13 billion
Smoking-caused state Medicaid program spending each year: \$532.0 million

<i>New Annual Revenue from Increasing the Cigarette Tax Rate by 73 Cents Per Pack: \$265.7 million</i>
<i>Additional Revenue from Raising OTP Rates to 25% Manufacturer's Price: \$17.3 million</i>

New Annual Revenue is the amount of additional new revenue over the first full year after the effective date. The state will collect less new revenue if it fails to apply the rate increase to all cigarettes and other tobacco products held in wholesaler and retailer inventories on the effective date.

<u>Projected Public Health Benefits from the Cigarette Tax Rate Increase</u>	
<i>Percent decrease in youth smoking:</i>	12.0%
<i>Kids in Missouri kept from becoming addicted adult smokers:</i>	45,700
<i>Current adult smokers in the state who would quit:</i>	28,200
<i>Smoking-affected births avoided over next five years:</i>	7,950
<i>Missouri residents saved from premature smoking-caused death:</i>	22,000
<i>5-year health savings from fewer smoking-affected pregnancies & births:</i>	\$13.5 million
<i>5-year health savings from fewer smoking-caused heart attacks & strokes:</i>	\$17.4 million
<i>Long-term health savings in the state from adult & youth smoking declines:</i>	\$1.0 billion

- Tax increases of less than roughly 25 cents per pack or 10% of the average state pack price do not produce significant public health benefits or cost savings because the cigarette companies can easily offset the beneficial impact of such small increases with temporary price cuts, coupons, and other promotional discounting. Splitting a tax rate increase into separate, smaller increases in successive years will similarly diminish or eliminate the public health benefits and related cost savings (as well as reduce the amount of new revenues).
- Raising state tax rates on other tobacco products (OTPs) to parallel the increased cigarette tax rate will bring the state more revenues, public health benefits, and cost savings (and promote tax equity). With unequal rates, the state loses revenue each time a cigarette smoker switches to cigars, RYO, or smokeless. To parallel the new \$0.90 per pack cigarette tax, the state's new OTP tax rate should be at least 30% of wholesale price with minimum tax rates for each major OTP category linked to the state cigarette tax rate on a per-package or per-dose basis.

Needed State Efforts to Protect State Tobacco Tax Revenues

Having each of the following measures in place will maintain and increase state tobacco tax revenues by closing loopholes, blocking contraband trafficking, and preventing tax evasion.

State tax rate on RYO cigarettes equals the state tax rate on regular cigarettes	Yes
State tax rates on other tobacco products match the state cigarette tax rate	Yes
State definitions of "cigarette" block cigarettes from wrongfully qualifying as "cigars"	No
State definitions of "tobacco product" reach all tobacco products	No
Loopholes for the new generation of smokeless products (snus, tablets, etc.) closed	No
Minimum taxes on all tobacco products to block tax evasion and promote tax equity	No
"High-tech" tax stamps to stop counterfeiting and other smuggling and tax evasion	No
Retailers lose license if convicted of contraband trafficking	Yes
Street sales and mobile sales of cigarettes and other tobacco products prohibited	Yes
Non-Tobacco nicotine products without FDA approval banned	No

More information available at

http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/

Campaign for Tobacco-Free Kids 10.07.10 / Ann Boonn, October 26, 2011

Explanations & Notes

Projections are based on research findings that each 10% cigarette price increase reduces youth smoking by 6.5%, adult rates by 2%, and total consumption by 4% (adjusted down to account for tax evasion effects). Revenues still increase because the higher tax rate per pack will bring in more new revenue than is lost from the tax-related drop in total pack sales.

The projections incorporate the effect of both ongoing background smoking declines and the continued impact of the 61.66-cent federal cigarette tax increase (effective April 1, 2009) on prices, smoking levels and pack sales.

These projections are fiscally conservative because they include a generous adjustment for lost state pack sales (and lower net new revenues) from possible new smuggling and tax evasion after the rate increase and from fewer sales to smokers or smugglers from other states. For ways that the state can protect and increase its tobacco tax revenues and prevent and reduce contraband trafficking and other tobacco tax evasion, see the Campaign for Tobacco-Free Kids factsheet, *State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion*, <http://tobaccofreekids.org/research/factsheets/pdf/0274.pdf>.

Kids stopped from smoking and dying are from all kids alive today. Long-term savings accrue over the lifetimes of persons who stop smoking or never start because of the rate increase. All cost and savings in 2004 dollars. Projections will be updated when new relevant data or research becomes available.

Ongoing reductions in state smoking levels will, over time, gradually erode state cigarette tax revenues (in the absence of any new rate increases). But those declines are more predictable and less volatile than many other state revenue sources, such as state income tax or corporate tax revenues (which can drop sharply during recessions). In addition, the smoking declines that reduce tobacco tax revenues will simultaneously produce much larger reductions in government and private sector smoking-caused costs. See the Campaign for Tobacco-Free Kids factsheet, *Tobacco Tax Increases are a Reliable Source of Substantial New State Revenue*, <http://tobaccofreekids.org/research/factsheets/pdf/0303.pdf>.

For other ways states can increase revenues (and promote public health) other than just raising its cigarette tax, see the Campaign factsheet, *The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs*, <http://tobaccofreekids.org/research/factsheets/pdf/0357.pdf>.

For more on sources and calculations, see
<http://www.tobaccofreekids.org/research/factsheets/pdf/0281.pdf>

Additional Information on Tobacco Product Tax Increases

Raising State Cigarette Taxes Always Increases State Revenues and Always Reduces Smoking, <http://tobaccofreekids.org/research/factsheets/pdf/0098.pdf>.

Responses to Misleading and Inaccurate Cigarette Company Arguments Against State Tobacco Tax Increases, <http://tobaccofreekids.org/research/factsheets/pdf/0227.pdf>.

State Cigarette Excise Tax Rates & Rankings,
<http://tobaccofreekids.org/research/factsheets/pdf/0097.pdf>.

Top Combined State-Local Cigarette Tax Rates (State plus County plus City),
<http://tobaccofreekids.org/research/factsheets/pdf/0267.pdf>.

State Cigarette Tax Increases Benefit Lower-Income Smokers and Families,
<http://tobaccofreekids.org/research/factsheets/pdf/0147.pdf>.

The Best Way to Tax Smokeless Tobacco,
<http://tobaccofreekids.org/research/factsheets/pdf/0282.pdf>.

The Problem with Roll-Your-Own (RYO) Tobacco,
<http://tobaccofreekids.org/research/factsheets/pdf/0336.pdf>.

How to Make State Cigar Tax Rates Fair and Effective,
<http://tobaccofreekids.org/research/factsheets/pdf/0335.pdf>.

State Benefits from Increasing Smokeless Tobacco Tax Rates,
<http://tobaccofreekids.org/research/factsheets/pdf/0180.pdf>.

The Case for High-Tech Cigarette Tax Stamps,
<http://tobaccofreekids.org/research/factsheets/pdf/0310.pdf>.

State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion, <http://tobaccofreekids.org/research/factsheets/pdf/0274.pdf>.

The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs, <http://tobaccofreekids.org/research/factsheets/pdf/0357.pdf>

For questions or model legislation, please contact factsheets@tobaccofreekids.org.

For all TFK factsheets on tobacco tax increases, see

http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/

The State Auditor's office did not receive a response from the **Department of Agriculture, the Department of Elementary and Secondary Education, Cass County, Cole County, Greene County, Jasper County, St. Louis County, the City of Cape Girardeau, the City of Mexico, the City of St. Louis, Cape Girardeau 63 School District, Hannibal 60 School District, Rockwood R-VI School District, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

Estimated additional revenue to state government is \$283 million to \$423 million annually with limited estimated implementation costs or savings. The revenue will fund only programs and services allowed by the proposal. The fiscal impact to local governmental entities is unknown.